



upcoming project in
Kuala Lumpur City Centre

IBRACO BERHAD ANNUAL REPORT 2014





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The
Park
Residence

CORPORATE PROFILE

IBRACO was established in 1971 and is listed on the Main Board of Bursa Malaysia Securities Berhad. IBRACO has been in the forefront of property development for more than 40 years.

With its proven track record of over 40 years, IBRACO has established itself as the Premier Property Developer in Sarawak. Over the decades, Ibraco has built and maintained a good reputation for design, quality construction and timely delivery, gaining the confidence of house buyers who regard Ibraco projects as choice properties.

It proudly established Greater Tabuan Township, Kuching's most sought-after addresses. This flagship development, spanned over more than 1,000 acres, encompass affordable and luxury residences, high-rises as well as integrated developments. This township has seen substantial appreciation in value over the years, successively creating a strong base of IBRACO brand loyalists.

In 2012, IBRACO made its foray into Bintulu with its inaugural comprehensive integrated development project in the heart of Bintulu,

riding on the robust growth spearheaded by the SCORE (Sarawak Corridor of Renewable Energy) program driven by the Sarawak State Government.

In 2015, IBRACO continue to expand beyond its comfort zone by venturing into West Malaysian Coast with its modest high-rise development proposal in the Kuala Lumpur City Centre.

IBRACO's property development is supported by its wholly owned construction-based company, Ibraco Construction Sdn Bhd with activities in civil engineering and building works. Ibraco Construction was incorporated in 2002 and has been managed by team of experienced personnel committed to deliver quality homes. As recognition for excellence in the building industry over the years, Ibraco Construction has won the PAM Awards for Excellence in Architecture for the Masjid Wan Alwi and business excellence attested by the 21st International Construction Award (New Millenium Award) in Madrid, Spain. Its product and service quality in commercial development also accolade the SHEDA Excellence Awards for Outstanding Development in Retail Development.

Our Vision

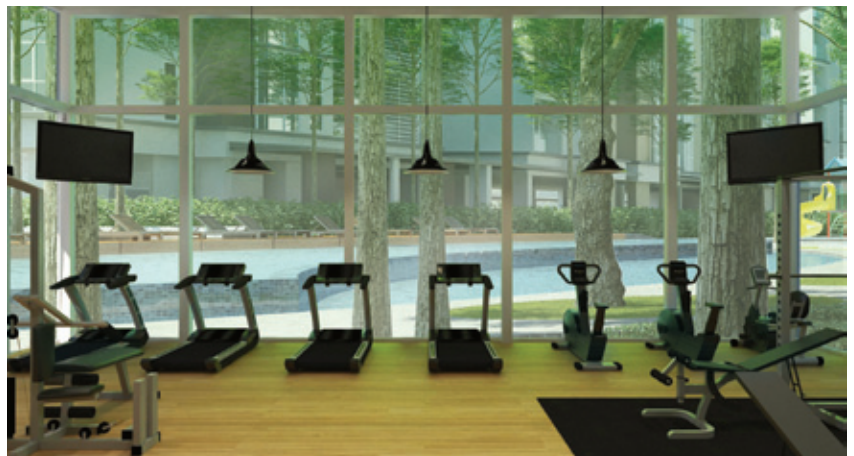
To Be The Leading Conglomerate In The Building Industry

Our Mission

To Provide Quality Homes, Optimize Shareholders' Returns And Nurture Its Employees

Our Values

- Responsibility & Accountability
- Excellence In Service
- Customer Focus
- Respect Oneself And Fellow Colleagues



CHAIRMAN'S STATEMENT



IBRACO Group recorded strong sales performance with consolidated revenue of RM229 million, increase of 29% as compared to Year 2013.

The Year 2014 has been another rewarding year for IBRACO Group despite the challenges encountered during the year. The Group recorded strong sales performance with consolidated revenue of RM229 million, an increase of 29% as compared to Year 2013, thus successively contributing to the earnings of the Group with net profits of RM38 million. This translates to a 17% jump from Year 2013.

The bulk of the Group's sales and profits came from our flagship Tabuan Tranquility development, which spans across 173 acres. To date, 1300 units of properties, consisting of high rise, terrace, semi-detached, shop offices and vacant detached lots, have been launched. The 5-year development plan for Tabuan Tranquility is coming to the tail end. The remaining 24 acres have been approved for commercial and residential units, which will be launched in the Year 2015.

Considerable profits were also derived from the sales of guarded seaside resort lots, namely Golden Beach 2. All units of the serene beach with breathtaking views of the South China Sea were snapped up soon after the launch. On the same note, our maiden projects in Bintulu continue to receive encouraging response and have contributed 20% of the Group's revenue.

In addition, during the year the Group saw a number of successful launches with overwhelming take up rates. These include the commercial properties in Bintulu and Tabuan Tranquility as well as the affordable apartment units at Stutong Heights, Kuching.

This was largely due to the Group's focus on launching specific product types that met market demands while taking into consideration various property cooling measures instituted by the Governments.

Dividends

The Board has approved an interim single tier dividend of 10.00 sen per ordinary share for the financial year which ended on 31 December 2014, representing a 33% payout of its profit after tax for the year. The interim dividend was paid on 15 December 2014.

Community outreach

As we continue to strive for improvement, we remain committed to our corporate responsibility. Ibraco Group continues to contribute back the society and our operating environment positively through various community activities.

Forward looking

As we enter into the new financial year, we are mindful of the many uncertainties that lie ahead for both the domestic and global economies. It is without a doubt that household spending is likely to be affected by the implementation of the Goods and Services Tax (GST). Nonetheless, we remain confident of achieving another fruitful year in 2015 with strong lock-in sales recorded in the Year 2014. Nevertheless, we exercise caution in planning all upcoming launches to suit the needs of the market.

Finally, we are pleased to announce that another major milestone will be set by the Group this year, as we spread our wings to the West Malaysian coast. The company has commenced the purchase of a vacant commercial plot at Bandar Kuala Lumpur, measuring 5,825 square metres in total. The procurement is expected to complete in the coming months.

Last but not least, on behalf of the board I would like to extend my utmost gratitude to all our customers, shareholders, suppliers, financiers, business associates, both the Federal and State Governments and not forgetting our dedicated team of management and staff for their support and commitment to the Company.

Ng Cheng Chuan
Chairman



25.05.2014

Organised a Satellite Go Bald Event in conjunction with its launching of Tabuan Tranquility 2 "Mellow 2" and raised RM113,038.50 for the Sarawak Cancer Society.



06.09.2014

Participation in Kuching City Day Parade with a decorated land float showcasing its New Kuching Waterfront development projects in line with the nation's progress.



20 & 21.09.2014

Sales & leadership training at Imperial Hotel, Kuching.



08.11.2014

A Day with the Elderly at Hun Nam Siang Tng whereby the residents were served with a tea break and folk songs by an invited guest singer. Daily necessities were also given to the association.



20.12.2014

Christmas celebration with the Sarawak Children's Cancer Society whereby its members and their families were treated to a light lunch, children's craft activity, festive singing and distribution of gifts. Some daily use furniture, toys and audio equipment were contributed.



22.01.2015

Kuching Flood Food Aid to Batu Kawa flood victims.



27.02.2015

Annual MBKS CNY Open House graced by the Prime Minister Datuk Seri Najib Tun Razak and wife, Datin Seri Rosmah Mansor.



28.02.2015

Annual dinner at Senso Hilton, Kuching – Theme: Blockbuster Night.

MANAGING DIRECTOR'S REVIEW



Property development remain the main contributor of the Group's revenue, recording 31% surge in year 2014 as compared to 2013.

We have strived much harder this year to compete in the Nation's challenging property industry as well as the economy. Although the property market has slowed down throughout the year, Ibraco continued to chart escalated growth in year 2014. Besides our established track records and reputable brand name, it was principally our effective business strategy and sheer hardwork which yielded the positive results.

Property development remain the main contributor of the Group's revenue, recording 31% surge in year 2014 as compared to 2013.

Tabuan Tranquility, Kuching

Our projects at Tabuan Tranquility continued to lead the Group in sales, generating 66% of the Group's revenue. To date, 149 acres out of 173 acres has been or being developed as it approaches the end of its 5-year development plan. During the year, we have re-planned the remaining land bank at Tabuan Tranquility to optimize its potential while we continue to launch the final phase of the double storey terrace and detached lots and also more than 100 units of commercial property. The remaining development, featuring apartments, semi-detached, lock-up retail outlets and shop offices, shall make its debut in 2015. In addition, this development has locked in unbilled sales of RM224 million, providing a solid base for this year.

The success and popularity of this integrated residential and commercial development has led to material price appreciation of its properties in the secondary market and enhance the vibrancy of its surroundings. Riding on the success of Tabuan Tranquility, the Group is preparing for its upcoming development sprawling across 123 acres. This mix-used development shall feature offices, SOHOs, apartments, retail outlets and shop offices.

Stutong Heights

The Group also tailored its product mix to meet the strong demand for starter homes. We have launched a series of affordable apartments within the matured township of the Greater Tabuan which have successfully attracted first time home buyers. Stutong Heights have offered 497 apartment units out of which 85% have been taken up, recorded unbilled sales of RM77 million.

Town Square, Bintulu

Spread over 27 acres, Town Square Bintulu is the Group's maiden project in Bintulu when it first established its foothold in 2012. The two ongoing projects consist of shop offices, commercial mall and an office block.

During the year, we launched lock-up retail outlets to cater for small entrepreneurs and 95% of them were sold during the first week of launching. In 2015, we shall introduce residential component and SOHOs in Phase 2 of the development. This development contributed positively to the earnings of the group with unbilled sales of RM48 million.

Golden Beach

Allocated 39 kilometers away from Kuching City, our Golden Beach project personify the concept of building own holiday and retirement home away from the hustle life of the city. This development was planned in 2 phases with 71 vacant lots overlooking the blue water of the South China Sea. Both phases received strong response with 100% take up rate. Phase 2 containing 31 lots was launched during the YE2014 and contributed profits of RM9 million.

Construction Sector

The construction segment recorded improved revenue of RM33 million during the year compared to RM13 million last year. The project involves construction of sewage treatment plant in Bintulu and is scheduled to complete in 2015. During the YE2014, the Group actively participated in the tender for construction and infrastructure projects with the aim to expand its construction arm.

Looking Ahead

We are proud to register an improved financial performance of the Group over the years. Ibraco have also comfortably established its footing in Bintulu and now, we are geared to make our foray into West Malaysian Coast. The Company has on 26 March 2015 announced its acquisition of 5,825 square metres vacant commercial plot in the Kuala Lumpur City Centre. While we concluding the acquisition, we are preparing the detailed development plan in order to kick start the project at the end of 2015.

We anticipated another challenging but fruitful year ahead of us with the implementation of the Goods and Service Tax as well as our new ventures. Nonetheless, with our dedicated team, we trust we shall concur all challenges and reach a greater height.

Lastly, I thank my Board of Directors for their support and guidance and to all stakeholders, my heartfelt appreciation for your invaluable support.

Chew Chiaw Han
Managing Director



upcoming project in
Kuala Lumpur City Centre

GROUP CORPORATE STRUCTURE



CORPORATE INFORMATION

DIRECTORS

Mr. Ng Cheng Chuan
(Chairman)

YBhg. Datuk (Dr.) Philip Ting Ding Ing
(Deputy Chairman)

Mr. Chew Chiaw Han
(Managing Director)

Mr. Liu Tow Hua
(Executive Director)

Puan Sharifah Deborah Sophia Ibrahim
(Non-Independent Non-Executive Director)

Mr. Guido Paul Philip Joseph Ravelli
(Independent Director)

Mr. Ng Kee Tiong
(Independent Director)

Mr. Chew Pok Oi
(Alternate Director to Sharifah Deborah
Sophia Ibrahim)

COMPANY SECRETARIES

Yeo Puay Huang (LS 0000577)

May Wong Mei Ling (MIA 18483)

REGISTERED OFFICE

Ibraco House No. 898 Jalan Wan Alwi, Tabuan Jaya,
93350 Kuching, Sarawak

Tel: 082-361111 Fax: 082-361188

AUDITORS

Messrs. Ernst & Young

Room 300-303, 3rd Floor, Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak

Tel: 082-243233 Fax: 082-421287

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad

Stock Name: IBRACO

Stock Code: 5084

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd (036869-T)

Level 7 Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur

Tel: 03-2084 9000 Fax: 03-2094 9940

WEBSITE

www.ibraco.com.my



PROFILE OF DIRECTORS



NG CHENG CHUAN

Chairman

Singaporean | Age 56

Mr. Ng Cheng Chuan, a Non Executive Non Independent Director, joined the Board of Ibraco Group on 21 October 2009 and was appointed as the Chairman of Ibraco Group on 27 February 2014. He is also member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Ng is the Chairman of Crossland Marketing (2000) Pte Ltd and several other companies in Singapore, Malaysia and Thailand dealing mainly with soft commodities, farming and warehousing. Mr Ng has more than 25 years of extensive experience in the areas of sales and purchases of soft commodities.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.



DATUK (DR.) PHILIP TING DING ING

Deputy Chairman

Malaysian | Age 63

Datuk (Dr) Philip Ting, a Non Executive Independent Director, joined the Board of Ibraco Group on 1 April 2001.

Datuk Ting holds a Bachelor of Business degree majoring in Accounting, as well as a Doctorate of the University (Honoris Causa) from Swinburne University of Technology, Australia. He is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

A Fellow Member of the Institute of Chartered Accountants in Australia, he was in public practice for 17 years beginning with Touche Ross & Co in Australia in 1973 and ending as a Partner of Arthur Andersen & Co/Hanafiah Raslan & Mohamad in Malaysia. From 1991 to 1994, he was Chief Executive Officer of Sarawak Securities Sdn Bhd, a major stock-broking company in Malaysia and from 1994 to 1998, he was Group Managing Director of Cahya Mata Sarawak Berhad, a diversified conglomerate in Malaysia. He was the acting Group Chief Executive Officer of Encorp Berhad from 1 October 2010 to 30th November 2010. During his working career, he spent a significant amount of time consulting and investing in Australia, the United States of America and in countries throughout Southeast Asia.

He is the honorary Consul for Australia in Sarawak and the deputy president of the Sarawak Chamber of Commerce and Industries. He is also a board and council member of Swinburne University of Technology, Sarawak and chairman of the University's finance committee.

Datuk Ting does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

**CHEW CHIAW HAN**

*Managing Director
Malaysian | Age 38*

Mr. Chew Chiaw Han was appointed as a Non Executive Non Independent Director on 21 October 2009 and became an Executive Director on 30 October 2009. He was then appointed as the Chief Executive Officer on 30 April 2010 and later redesignated as the Managing Director on 10 May 2011. Mr. Chew is also the Chairman of the Risk Management Committee, member of the Option Committee and Remuneration Committee.

Mr. Chew is a graduate of the University of Waikato, New Zealand with a Bachelor of Laws Degree. Mr. Chew started his career with Lian Hua Seng Group of companies in 1999. He was then appointed as an Executive Director in 2002 and later promoted to Chief Executive Officer of the Group in 2007. Under his leadership, the group has developed its core businesses well and achieving a stable growth in revenue and profit. He has led the group to diversify into other business fields such as manufacturing, supply, construction, logistic, and food processing, both in private and government sectors.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years.

Mr Chew's private companies are principally involved in construction. There may be potential conflict of interest with Ibraco Construction Sdn Bhd, a wholly owned subsidiary of Ibraco Berhad, which principally involved in construction activities.

**LIU TOW HUA**

*Executive Director
Malaysian | Age 55*

Mr. Liu Tow Hua, an Executive Director, joined the Board of Ibraco Group on 16 January 2007. He is also a member of the Option Committee and the Risk Management Committee.

He qualified as a Chartered Accountant with the Chartered Institute of Management Accountants (UK). He is also a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Malaysia.

He has extensive experience in the auditing field both in the public and private sectors. He joined Ibraco Berhad as Group Internal Auditor and became the Chief Financial Officer in May 2006. He was appointed as an Executive Director on 16 January 2007.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

PROFILE OF DIRECTORS



SHARIFAH DEBORAH SOPHIA IBRAHIM

*Non Executive Non Independent Director
Malaysian | Age 52*

Puan Sharifah Deborah Sophia Ibrahim was appointed to the Board of Ibraco Group on 5 July 1982 as an Executive Director and as a member of the Audit Committee on 21 April 2001. She ceased to be a member of the Audit Committee on 3 December 2007 and was redesignated to a Non Executive Non Independent Director on 16 April 2008. She also holds directorships in several private limited companies.

She does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. She does not have any conflict of interest with the Company.



NG KEE TIONG

*Non Executive Independent Director
Malaysian | Age 47*

Mr. Ng Kee Tiong, a Non Executive Independent Director, was appointed to the Board of Ibraco Group on 15 April 2010. He is also the Chairman of the Audit Committee and member of the Nomination Committee.

Mr. Ng is a Fellow Member of the Association of Chartered Certified Accountants of United Kingdom and a member of the Malaysian Institute of Accountants. Beside his accounting and finance experience, he gained many years of experience in property development and construction industry. He is currently an Executive Director of a construction company. There may be potential conflict of interest with Ibraco Construction Sdn Bhd, a wholly owned subsidiary of Ibraco Berhad, which principally involved in construction activities.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years.



GUIDO PAUL PHILIP JOSEPH RAVELLI

Non Executive Independent Director
British | Age 64

Mr. Guido Paul Philip Joseph Ravelli, a Non Executive Independent Director, joined the Board of Ibraco Group on 1 May 2002. He is the Chairman of the Remuneration Committee and Nomination Committee and member of the Audit Committee. He is also the Senior Independent Non Executive Director to whom the public may address their concerns (if any) on the general conducts of Ibraco Group of Companies.

Born in the United Kingdom, he studied civil engineering at King's College, University of London. Graduating with a Bachelor of Science (Hons) degree in Civil Engineering, he furthered his studies at Ecole Centrale des Arts et Manufactures, Paris. Commencing his working career with a major building contractor in Paris, he soon elected to pursue an international career in the field of construction. Since joining Bouygues Construction in France in 1974, he has accumulated more than 30 years of experience in the development, implementation and management of building, public works and built-operate-transfer projects in France, Portugal, Hong Kong and Malaysia and 9 years of experience in the oil and gas industry. In 2000, the President of France conferred a national honour on him by making Paul Ravelli a Chevalier de l'Ordre National du Merite, in recognition of his contribution to the profession and to Franco-Asian business relations. Amongst the significant projects with which he has been associated are in Hong Kong, the HSBC Head Office, Pacific Place development, the National Stadium and the Convention & Exhibition Centre, and in Malaysia, the KL Sentral Station.

Mr. Paul Ravelli is Deputy Chairman and Independent Non Executive Director of Malton Berhad, a company listed on Bursa Malaysia Securities Berhad specialising in property development and project construction management. Prior to this, he was a Director and General Manager of Dragages Malaysia Berhad. He is currently Chairman of CFCTechnologies Holdings, a company specialising in associated gases in oil fields.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

CHEW POK OI

Alternate Director
Malaysian | Age 62

Mr. Chew Pok Oi, an Alternate Director to Sharifah Deborah Sophia Ibrahim, was appointed to the Board of Ibraco Group on 22 March 2010. He is a graduate of the University of Singapore with a Bachelor of Law Degree.

Mr. Chew is a practicing lawyer who has been admitted to practice in the High Court in Borneo in 1977. He has also been admitted as an Advocate and Solicitor of the Supreme Court of Singapore and also in Brunei Darussalam.

Mr. Chew is currently the Managing Partner of the legal firm, Messrs. Chew, Jugah, Wan Ullok & Co., Advocates & Solicitors, Kuching, Sarawak.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

GROUP FINANCIAL HIGHLIGHTS

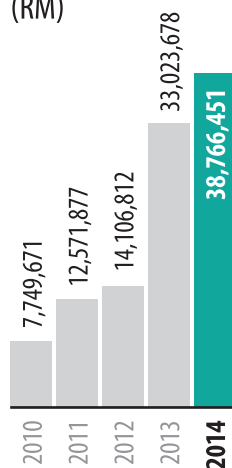
Five Years Financial Summary

	Year ended 31 December				2014 (RM)
	2010 (RM)	2011 (RM)	2012 (RM)	2013 (RM)	
Revenue	28,243,968	113,587,793	122,339,695	177,141,635	229,061,354
Profit before taxation	8,690,708	16,869,919	18,949,302	44,013,083	52,816,697
Profit net of tax	7,749,671	12,571,877	14,106,812	33,023,678	38,766,451
Basic earnings per share (sen)	8	11	12	27	29
Gross dividend per share (sen)	-	3.75	5.00	10.00	10.00
Dividend payout ratio (%)	-	36%	44%	38%	33%
Net gearing ratio (%)	21.11%	32.71%	36.89%	41.59%	40.43%
Shareholders' equity	160,022,985	177,330,137	190,322,614	209,591,029	233,445,221
Net Assets per share	1.39	1.49	1.56	1.66	1.84
Issued and fully paid-up share capital of RM 1.00 each	115,494,095	118,904,095	121,675,095	126,488,095	126,624,095

REVENUE
(RM)



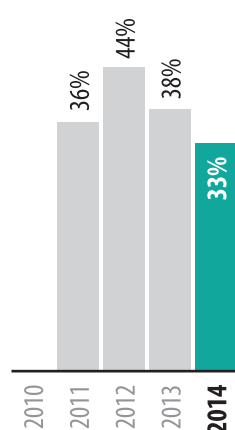
PROFIT NET OF TAX
(RM)



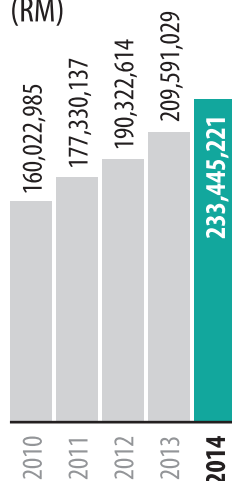
BASIC EARNINGS
PER SHARE
(SEN)



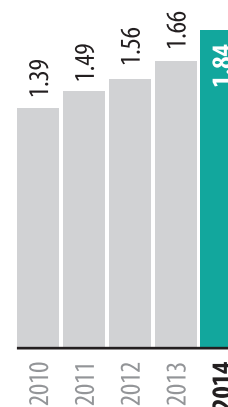
DIVIDEND PAYOUT RATIO
(%)



SHAREHOLDERS' EQUITY
(RM)



NET ASSETS PER SHARE
(RM)



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Ibraco is committed to ensuring that the highest standard of corporate governance is practiced throughout the Group. The objective of this commitment is to sustain optimal governance with conscientious accountability for the continuous effectiveness, efficiency and competitiveness of the Group. Corporate governance is one of the fundamental tools in enabling the Board in discharging the Board's responsibility of protecting and enhancing shareholders' values consistent with acceptable levels of risks. The Board firmly supports the Malaysian Code on Corporate Governance ("the Code"). Throughout the financial year ended 31 December 2014, Ibraco has applied the principles and except where stated otherwise, has substantially complied with the recommendations/best practices of corporate governance as set out in of the Code.

Principal 1 – Establish Clear Roles and Responsibilities of the Board and Management

Ibraco has established and formalized a Board Charter which clearly sets out the roles and responsibilities of the Board and serves as a reference for Board activities. It has established clear functions reserved for the Board and those delegated to Management. The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors. The Company has also adopted a set of Code of Conduct to provide guidance on matters of professional and personal behaviour that applies to Directors, alternates and any person participating in Board meeting. Both the Board Charter and Code of Conduct are subject to periodical review.

The respective roles and responsibilities of the Chairman of the Board and the Group Managing Director are clearly set up. This division ensures that there is clear and proper balance of power and authority.

The Chairman's main responsibility is to ensure effective conduct of the Board and encourages participation and deliberation by all the Board members.

The Group Managing Director has overall responsibilities over the Group's operational, organisational effectiveness and implementation of Board policies, directives, strategies and decisions.

The Board formulates the Group's business plans and medium-term and long-term strategic plans annually, in order to mitigate any inherent weaknesses and to tap into any opportunities arising from the prevailing economic and market environment.

The Board has an effective working relationship with the Management in establishing the strategic direction and goals and in monitoring this achievement. The roles and functions of the Board, as well as the various roles of Executive Directors and Non-Executive Directors are clearly defined.

All the Board members have access to the advice and services of the Company Secretaries, who is responsible for ensuring that all Board Meetings' procedures are followed and that applicable rules and regulations are complied with. All Directors also have access to independent professional advice where appropriate, at the Company's expense.

STATEMENT ON CORPORATE GOVERNANCE

Principal 2 – Strengthen Composition

Board Balance and Independence

The Board comprises seven (7) members, the details of which are as below:

Category	No. of Directors	Percentage (%)
Executive & Non Independent Directors	2	29
Non Executive & Non Independent Directors	2	29
Independent Non Executive Directors	3	42
Total	7	100

The Board complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) which requires that at least two Directors or one-third of the Board, whichever is the higher, are Independent Directors. Career profiles of Directors are shown on pages 10 to 13 of this Annual Report.

The Directors, with their different backgrounds and specialisations, collectively bring considerable knowledge, independent judgments and expertise to the Board. The Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The Executive Directors in particular, are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business strategies adopted.

Board Committees

The Board has established various Board Committees to assist the Board in the running of the Group. The functions and terms of reference of the Board Committees, as well as the authorities and duties delegated by the Board to these Committees, have been clearly defined by the Board.

The Board Committees are namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Option Committee.

Audit Committee

The Audit Committee, established on 21 April 2001, comprises the following Non Executive Directors:

Ng Kee Tiong (Chairman)
 Ng Cheng Chuan
 Guido Paul Philip Joseph Ravelli

The Committee’s primary functions include:

- (i) The assessment and review of the effectiveness of internal control and the risk management processes within the Group;
- (ii) Overseeing the financial reporting of the Group; and
- (iii) Review internal and external audit processes.

The Audit Committee has met five (5) times in the financial year ended 31 December 2014.

The Audit Committee Report on pages 27 to 31 provides for more detailed activities of the Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE

Nomination Committee

The Nomination Committee was set up on 16 April 2003 and comprises the following Board members:

Guido Paul Philip Joseph Ravelli (Chairman)
Ng Cheng Chuan
Ng Kee Tiong

The Committee is responsible for identifying and recommending new candidates to the Board and the various committees and to also recommend the re-appointment or re-election of Directors to the Board and the various committees. In addition, the role of the Nomination Committee is to review the effectiveness of the Board as a whole, as well as its members and to oversee the succession planning of all Senior Executives in the Group. It also assesses the contribution and performance of each Director.

The Board is aware of the gender diversity policy as set out in Recommendation 2.2 of the Code. When appointing a Director, the Nomination Committee and the Board will evaluate the candidate base on experience, skill, competency and potential contribution, whilst the Recommendation 2.2 of the Code will also be given due consideration for boardroom diversity.

During the financial year ended 31 December 2014, the Nomination Committee has reviewed and is satisfied that the size of the Board and those of the various committees is optimum and that there is an appropriate mix of skills and core competencies in the composition of the Board. The Nomination Committee is also of the view that all the members of the Board are suitably qualified to hold their positions as Directors in view of their respective academic and professional qualifications, experience and qualities.

The Nomination Committee has also reviewed and is satisfied that the relevant Directors have received appropriate training, which would enhance their effectiveness in the Board and also the effectiveness of the various committees. The various Board committees have also fulfilled their respective functions and duties diligently.

Remuneration Committee

The Remuneration Committee was established on 16 April 2003 and comprises the following Board members:

Guido Paul Philip Joseph Ravelli (Chairman)
Ng Cheng Chuan
Chew Chiaw Han

The Committee is responsible for reviewing and recommending the remuneration of all the Executive Directors of the Group.

In the case of Non Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibilities undertaken by each Non Executive Director.

Individual Directors do not participate in the decision regarding their individual remuneration.

The remuneration of Executive Directors are so determined to ensure that the compensation and benefits commensurate with the level of the Director's responsibilities, as well as taking into consideration the Company's performance and remuneration practices of comparable companies. The remuneration of the Executive Directors and Non-Executive Directors of the Group for the year ended 31 December 2014 is set out on Note 9 of the Notes to the Financial Statement of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Risk Management Committee

The Risk Management Committee which was established in May 2006, is primarily responsible for identifying principal risks faced by the Group and continuously reviewing the adequacy of its internal control system to mitigate these risks.

The Risk Management Committee that consists of the management team is headed by the following Board members:-

Chew Chiaw Han (Chairman)
Liu Tow Hua

Option Committee

The Option Committee was established on 19 May 2011 to administer the implementation of the Employee Share Option Scheme ("ESOS") and is vested with such powers and duties as are conferred upon it by the Board and the By-Laws of the ESOS. In addition, the Option Committee may, for the purpose of administering the ESOS, make rules and regulations or impose terms and conditions which the Option Committee may in its discretion consider to be necessary or desirable for giving full effects to the ESOS.

The Option Committee comprises the following Board members:

Ng Cheng Chuan (Chairman)
Chiew Chiaw Han
Liu Tow Hua

Principal 3 – Reinforce Independence

The Board has an established annual evaluation of Independent Directors to ensure compliance with the requirements of Independent Directors set out in the main Market Listing Requirements. The Board are satisfied with the level of independence demonstrated by the Independent Directors.

The Board acknowledged that it must comprise a majority of independent directors whilst our Chairman is not an independent director. However, the current size and composition of the Board are considered adequate to provide an optimum mix of skills and experiences. The Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgments and expertise to the Board. Further, with the current Board composition, there is no disproportionate imbalance of power and authority on the Board between the non-independent and independent directors. The Board believes that the interests of the shareholders are best served by the Chairman who has a substantial interest in the Company. Nevertheless, the Board will continue to monitor and review the Board size and composition from time to time.

Datuk (DR.) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli were appointed as non-executive, independent director on 1 April 2001 and 2 May 2002 respectively and hence have served the Company in their present capacity for more than nine years. The Board is satisfied with the skills, contribution and independent judgement that they bring to the Board. In view thereof, the Board recommends and supports their re-appointment as independent director of the Company which will be tabled for shareholders' approval at the forthcoming 43rd AGM of the Company.

The Code recommends the appointment of a Senior Independent Non Executive Director to whom concerns may be conveyed. Mr. Guido Paul Philip Joseph Ravelli has been appointed to assume that role.

STATEMENT ON CORPORATE GOVERNANCE

Principal 4 – Foster Commitment

The Board meets at least once in every quarter, which is in tandem with the need to review and approve unaudited quarterly financial results prior to public dissemination.

In advance of each Board Meeting, the members of the Board are each provided with all relevant documents and information to enable them to discharge their duties efficaciously. Board papers are comprehensive and encompass both quantitative and qualitative information so that informed decisions could be made. Board papers are distributed well in advance of the scheduled meetings. The senior management of the Company is usually in attendance at such board meetings to furnish clarification on issues that may be raised by the Board.

During the year ended 31 December 2014, the Board met on five (5) occasions where it deliberated upon and considered a variety of matters including business plans and the future direction of the Group, Corporate Governance, Risk Management, Group Policies and Group Financial Results.

Details of Directors' attendances of Board Meetings in 2014 are as follows:

Directors	Number of Board Meetings attended
Ng Cheng Chuan	4/5
Datuk (Dr.) Philip Ting Ding Ing	4/5
Chew Chiaw Han	5/5
Liu Tow Hua	5/5
Sharifah Deborah Sophia Ibrahim	4/5
Guido Paul Philip Joseph Ravelli	5/5
Ng Kee Tiong	5/5
Chew Pok Oi (Alternate Director to Sharifah Deborah Sophia Ibrahim)	-

All Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated by the Listing Requirements of Bursa Securities.

The Directors will continuously attend conferences, seminars and training programmes as well as reading materials and publications to further broaden their perspective, skills, knowledge and to keep abreast with the relevant changes in law, regulations and the business environment.

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. During the financial year ended 31 December 2014, the Directors attended various training programmes and seminars, among others:-

- 1) The New Companies Bill
- 2) Audit Committee Conference
- 3) Budget Tax Briefing
- 4) Briefing Session on Corporate Governance Guide

STATEMENT ON CORPORATE GOVERNANCE

Principal 5 – Uphold Integrity in Financial Reporting

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcements of the financial results to shareholders, the Chairman's Statement and the review of operations in the annual reports.

The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes, the quality of its financial reporting to ensure that the reports are accurate and fairly represent the Group's financial position and the results of its operations.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Ibraco and of the Group as at the end of the financial year and of the profit and loss of Ibraco and of the Group for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2014, the Group has used appropriate accounting policies on a consistent basis supported by reasonable and prudent judgments and estimates and all applicable approved accounting standards have been complied.

The Directors have ensured that the accounting records to be kept by Ibraco and the Group have been properly kept in accordance with the provisions of the Companies Act, 1965.

Relationship with External Auditors

The Audit Committee has an appropriate and transparent relationship with the external auditors. The role of the Audit Committee in relation to the external auditors is stated in the "Summary of activities during the financial year" as part of the Audit Committee Report, and set out on pages 27 to 28 of this Annual Report.

Principal 6 – Recognise and Manage Risk

The Board acknowledges it assumes overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines. The Board recognises that it is also responsible for reviewing their effectiveness. A sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against any risk of material errors, frauds or losses occurring.

The overview on the state of internal control is set out in the "Statement on Internal Control" on pages 23 to 26 of this Annual Report.

Principal 7 – Ensure Timely and High Quality Disclosure

The Board adopted Corporate Disclosure Guide of Bursa Securities. The Company's website, www.ibraco.com, also provides an avenue for comprehensive and up-to-date information dissemination.

STATEMENT ON CORPORATE GOVERNANCE

Principal 8 – Strengthen Relationship Between Company and Shareholders

The Company recognises the importance of maintaining transparency and accountability to its stakeholders. This is done through optimised levels of disclosure and communications with its stakeholders through readily accessible channels. It is also a practice to provide clear, comprehensive and timely information to all stakeholders, particularly shareholders and investors, to facilitate informed investment decision-making. Therefore, the Board acknowledges the need for shareholders to be informed on all material business matters of the Group. Announcements to inform shareholders are made on significant developments and matters within the Group. The Board may seek external advice to ensure that announcements do not omit any material information. Financial results are released on a quarterly basis to provide shareholders with an overview of the Group's performance. The Annual Report is also a key channel of communication with shareholders and investors.

The Annual General Meeting has also been a main forum for dialogue with shareholders and investors. Opportunities will be given to shareholders and investors to raise questions and to seek clarifications on the business and performance of the Group.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Securities, the following information is provided hereunder:

Share Buy-back

During the financial year ended 31 December 2014, the Company has not undertaken any proposal to buy back its shares.

Options, Warrants or Convertible Securities

During the financial year ended 31 December 2014, 136,000 options were exercised pursuant to the Employees Share Option Scheme which was implemented on 30 June 2011. The Company did not issue any warrants or convertibles securities during the financial year ended 31 December 2014.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programmes during the financial year ended 31 December 2014.

Sanctions and Penalties

There were no sanctions or penalties imposed on the Group, Directors or management by any relevant regulatory body during the financial year ended 31 December 2014.

STATEMENT ON CORPORATE GOVERNANCE

Non-audit Fees

Non-audit fee amounting to RM51,787.00 paid by the Group to the External Auditor and a company affiliated to the External Auditors' firm for the year ended 31 December 2014 were as follows :

Purpose	Amount (RM)
Tax advisory, computation and filing	40,837.00
Review of Statement on Internal Control	10,950.00
Total	51,787.00

Profit Guarantee

During the financial year ended 31 December 2014, there were no profit guarantees given by the Company.

Revaluation Policy

For the financial year ended 31 December 2014, the Group has not adopted any revaluation policy in relation to its landed properties.

Related Party Transactions

The value and types of related party transactions entered into by Ibraco and its subsidiary companies are shown on pages 96 to 98 of this Annual Report (see Note 30 to the financial statements).

Material Contracts

There were no material contracts entered into by Ibraco and its subsidiary companies involving Directors and major shareholders, either still running at the end of the financial year or entered into since the end of the previous financial year other than those disclosed in the financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to establish a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets.

In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers which is issued by the Taskforce on Internal Control, the Board is pleased to present the Statement on Risk Management and Internal Control of the Group comprising the Company and its subsidiaries.

Responsibility of the Board

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board recognises the importance of the roles of sound risk management and internal control system in promoting good corporate governance. Such system covers not only financial controls but also control measures relating to operations, compliance with applicable laws, regulations and other guidelines (professional, statutory or otherwise).

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the risk management and internal control system when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the guidelines for Directors on risk management and internal control, the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The risk management and internal control system is designed to gear the Group into meeting its business goals and objectives and to manage the risks to which it is exposed. The Board and Management acknowledge that such risks cannot be completely eliminated.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the Annual Report and financial statements is sound and sufficient to safeguard the shareholders' investments, the interests of all other stakeholders, regulators and the Group's assets.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Framework

The Risk Management Committee was established by the Board to assist the Board to oversee the overall management of principal areas of risk of the Group.

In order to properly manage risks, the Group has adopted an appropriate risk assessment and evaluation framework as an on-going process as well as appropriate control systems to manage and control these risks. The following provide an overview of the Group's risk management process:

- The Board has approved a Risk Management Policies and Procedures Manual, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues.
- A Risk Management Committee, headed by the Managing Director, continuously carries out its responsibility to identify and communicate to the Board the critical risks (present and potential) which the Group faces, their changes, and what the management action plans are, to manage the risks.
- All Heads of Departments have identified risks (present and potential) faced at departmental levels and suggested action plans to mitigate these risks for deliberation during the Risk Management Committee meeting. These action plans are closely monitored to assess their effectiveness over the period during which they are subject to such risks and will be reviewed and monitored on a regular basis.
- A consolidated risk profile of the Group was developed and will be updated in accordance with the risk appetite (current and future) of the Group. This together with a summary of key findings and proposed mitigating measures was discussed and finalised in the various Risk Management Committee meetings.
- During the financial year under review, the Risk Management Committee has identified, compiled and worked out the remedial measures to mitigate the risks encountered by each Department, which fall under the categories of Planning and Design, Contract and Procurement, Property Development, Marketing and Sales, Corporate and Secretarial, Account and Finance, Human Resources and Administration.

Internal Audit Function

The Group has established an Internal Audit Department, who reports independently to the Audit Committee, to provide the Board with adequate assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance systems.

The annual internal audit plan is approved by the Audit Committee and the scope of internal audit work covers the audits of all business processes in the Group. The internal auditors also monitor the implementation of their audit recommendations in order to obtain assurance that all major risks and controls measures identified have been duly addressed by the Management in the most effective and timely manner.

The internal auditors adopt a risk-based approach towards the planning and conduct of internal audits, which are consistent with the Group's established framework of designing, implementing and monitoring its internal control system.

The internal auditors also work closely with the external auditors to resolve any control issues that may be raised by the external auditors to ensure that significant issues are duly acted upon by the Management in the most timely and appropriate manner.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Other Key Elements

Other key elements of the Group's risk management and internal control system, which may also fall under the ambit of risk management practices or internal control procedures, are described below:

Committees at the Various Levels

Various Committees have been established to assist the Board in the discharge of their fiduciary duties. They are the Audit Committee, the Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Option Committee.

Specific responsibilities have been delegated to these Board Committees, all of which have written terms of reference. These Committees have the authority to examine all matters within such terms of reference and related scope of responsibilities and to report to the Board with appropriate recommendations.

Policies and Procedures

Operational Procedures for all business processes are also in place to ensure effectiveness, transparency and continuity.

The procedures amongst other things outlined reporting and authority structures. Pre-defined limits are also established at appropriate levels to deliberate and approve expenditures.

Performance Monitoring

It is an essential component of the Financial Policies and Procedures Manual that yearly Management Action Plans are formulated and approved by the Board, with the following objectives:

- To map out the strategic direction of the Group;
- To set goals at all appropriate levels;
- To gear physical, financial and human resources towards achieving these goals; and
- To serve as a blueprint that sets the criteria to measure performance throughout the year.

The daily running of the business is entrusted to the Managing Director and their respective management team. Performance measurements are discussed at the various Board Committee meetings. Significant variances are investigated by the Management and findings are reported to the various Committees.

Bi-quarterly management reports covering all key financial and operational indicators are also provided to senior management for information and further action. In addition, the Audit Committee and the Board reviewed the quarterly financial results.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Group for the year ended 31 December 2014 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal control of the Group.

Conclusion

There were no significant control failures or weaknesses that would result in material losses and require disclosure in the Annual Report of the Group were identified during financial year under review.

The Board and Management will, when necessary, continuously measures and enhance the adequacy and integrity of the risk management and control system.

This statement is made in accordance with a resolution of the Board dated 27 February 2015.

AUDIT COMMITTEE REPORT

The Audit Committee (“the Committee”) of Ibraco Group was established on 21 April 2001 to act as a Board Committee to the Board and was reconstituted on 3 December 2007 to exclude any Executive Directors as required under the Listing Requirements.

MEMBERSHIP AND ATTENDANCE

The Committee comprises the following members and details of their respective attendance at all Committee meetings held during the year ended 31 December 2014 are as follows:

Composition of Committee	Total Number of Meetings Attended
Ng Kee Tiong Chairman/Independent Non-Executive Director	6/6
Guido Paul Philip Joseph Ravelli Member/Independent Non-Executive Director	6/6
Ng Cheng Chuan Member/Non-Independent Non-Executive Director	5/6

The meetings were appropriately structured through the use of agendas, which were distributed at least one week in advance of the meetings. Papers constituting the agenda were formally presented and were discussed in the meetings. Where appropriate, the Committee made recommendations for approval at meetings of the Board documented in the form of minutes of the Committee meetings.

The Group Internal Auditor is the Secretary of the Committee. Representatives from the External Auditors were invited to attend meetings where necessary. The Managing Director and the Chief Financial Officer were also present at the meetings by invitation. Other senior executives may be invited to attend the meetings with respect to those agenda that concerned them as such.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Committee during the financial year were as follows:

Financial Results

- Reviewed quarterly unaudited financial results before recommending them to the Board for approval. The review was to ensure compliance with the listing requirements of Bursa Malaysia Securities Berhad and applicable accounting standards and guidelines.
- Reviewed the audited financial statements for the financial year ended 31 December 2014. The review was to ensure that the audited financial statements were drawn up in accordance with provisions of the Companies Act, 1965 and applicable approved accounting standards and guidelines.

AUDIT COMMITTEE REPORT

The Internal Audit Function

- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- Reviewed the internal audit plan and programmes for the year. The internal audit plans and programmes were approved by the Committee prior to their implementation.
- Reviewed the internal audit reports and deliberated on audit issues, the recommendations thereof and management responses arising from such recommendations.
- Monitored closely all action plans undertaken to improve the system of internal controls based on improvement opportunities identified in the recommendations as outlined in all internal audit reports.
- Reviewed the extent of the Group's compliance with provisions of the Malaysian Code on Corporate Governance.
- Reviewed the allocations of share options pursuant to the Company's Employees Share Option Scheme ("ESOS") during the financial year to verify whether they were in accordance with the criteria set out in the ESOS by-laws and by the ESOS Committee.

The External Audit Function

- Reviewed with the external auditors on their audit plan for the year and the scope of works to be performed vis-à-vis the Internal Audit Plan. This helped to ensure optimal utilisation of scarce resources and to effectively complement each other's roles.
- Reviewed with the external auditors on matters relating to its remit, major audit findings and the Management responses arising from their audit.
- Reviewed the external auditors' performance and the independence and effectiveness of the overall audit process.
- Considered and recommended to the Board for approval, the audit fees payable to the external auditors.

Related Party Transactions

- Reviewed all related party transactions of the Group as reported by the Management and incorporated them in relevant quarterly announcements.

Risk Management

- Reviewed reports of the Risk Management Committee and the corresponding action plans to manage such risks.
- Ensured that mitigating measures were appropriate and adequate to help reduce the risks identified to an acceptable and tolerable level in accordance to the risk appetite of the Group.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Group has established an Internal Audit Department, which reports directly to the Committee, to assist the Committee in discharging its duties and responsibilities. The Department undertakes regular, independent and systematic reviews of the internal control systems so as to provide reasonable assurance that such systems will continue to operate effectively, efficiently and economically in accordance with the Group's overall objectives and goals. The Department also verifies data and information given to external agencies such as Bursa Malaysia Securities Berhad and the Securities Commission.

A risk-based approach is adopted for all audits conducted by the Internal Audit Department, which covers the following:

- Review of all operational and financial controls;
- Compliance with relevant statutory requirements;
- Assessing the effectiveness of risk management procedures; and
- Recommend appropriate improvement in controls.

These audits will help to ensure that control measures put in place are appropriate, effectively applied and are adequate to cover the exposure to risks, consistent with the Group's policies.

The total cost incurred in relation to the Internal Audit Department for year 2014 amounted to approximately RM114,000.

TERMS OF REFERENCE

1 Constitution

- 1.1 The Committee was established by a resolution of the Board on 21 April 2001.
- 1.2 The function of the Committee shall extend to Ibraco Berhad and all its subsidiary companies.
- 1.3 It was updated and approved by the Board on 23 May 2013.

2 Membership

- 2.1 The members of the Committee shall be appointed by the Board from among their number (except Alternate Directors) which consist of not more than five members and not fewer than three members. All members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the committee must be an accountant or has passed the examination requirements of the Accountants Act, 1967 or fulfilled such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- 2.2 In the event of any vacancy resulting in the non-compliance of paragraph 2.1 above, the Board shall within three months of that event, appoint such number of new members required to fulfil the minimum requirement.
- 2.3 The members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.
- 2.4 All members of the Committee, including the Chairman, shall hold office only so long as they serve as Directors of the Group.
- 2.5 The Board shall review the term of office and performance of the Committee and each of its members at least once every three years.

AUDIT COMMITTEE REPORT

3 Quorum

Unless otherwise determined, two members shall be a quorum. The majority of members present must be independent Directors.

4 Functions

The Committee shall review the following and report the same to the Board:

- (i) With the External Auditors, the audit plans and their evaluation of the internal control systems.
- (ii) With the External Auditors, their audit report and the assistance given by the Company's and the Group's officers to the Auditors.
- (iii) The appointment or dismissal of the external auditors and their fees.
- (iv) Assess the suitability and independence of the External Auditors.
- (v) The adequacy of the scope, function and resources of the internal audit function and whether it has the necessary authority to carry out its work.
- (vi) The internal audit programs, processes, the results of the internal audit activities and whether or not appropriate actions have been taken with respect to internal audit recommendations.
- (vii) The quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events;
 - (c) compliance with accounting standards and other legal requirements; and
 - (d) any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (viii) The risk management process including the identification, assessment and mitigation of risks faced by the Company.
- (ix) The allocation of options during the year under the ESOS to verify whether it is in accordance with the criteria determined by the ESOS Committee and in compliance with the ESOS by-laws.

5 Authority

The Committee shall:

- (i) have authority to investigate any matter within its terms of reference;
- (ii) have full and unrestricted access to any information pertaining to the Company and the Group;
- (iii) have the resources which are required to perform its duties;
- (iv) have direct communication channels with both the external and internal auditors;

AUDIT COMMITTEE REPORT

- (v) be able to obtain independent professional or other advice; and
- (vi) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

6 Meetings

- 6.1 The Group Internal Auditor shall be the Secretary of the Committee.
- 6.2 The Committee shall meet not less than four times a year. Prior to the meeting, the Secretary shall send notice to all Committee members at least seven days prior to the meeting.
- 6.3 Minutes of each meeting shall be kept by the Secretary and circulated to all members within 14 days after each meeting.
- 6.4 Minutes shall be confirmed at the following meeting of the Committee. Confirmed Minutes shall be circulated to all members of the Board by the Company Secretary.
- 6.5 In addition to the Group Internal Auditor, the meetings will be attended by representatives of the external auditors, the Managing Director, the Chief Financial Officer and other appropriate persons as determined by the Chairman. No Director or employee shall attend any meeting of the Committee except at the Committee's invitation specific to the relevant meeting.
- 6.6 In the absence of the Chairman, the Committee shall appoint one of the Independent Non-Executive members present to chair that meeting.
- 6.7 Decisions of the Committee shall as far as possible be by consensus, failing which the decision will be by a simple majority.

7 Committee Report

- 7.1 At the end of each financial year, the Committee shall prepare an Audit Committee Report which include the following:
 - (i) the composition of the Committee;
 - (ii) the terms of reference / key functions;
 - (iii) the number of the Committee meetings held during the financial year and the details of attendance;
 - (iv) a summary of the activities of the Committee; and
 - (v) the existence of an internal audit function and a summary of its activities.
- 7.2 The Audit Committee Report shall be forwarded to the Board for its inclusion in the Company's Annual Report.

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DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The Company is engaged in realty development and investment holding. The principal activities of the subsidiary companies are set out in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit net of tax	38,766,451	31,399,479
	=====	=====
Profit attributable to:		
Owners of the Company	36,379,241	31,399,479
Non-controlling interests	2,387,210	-
	-----	-----
	38,766,451	31,399,479
	=====	=====

Reserves and provision

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

The amounts of dividends paid by the Company since 31 December 2013 were as follows:

	RM
In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year:	
Interim tax exempt (single-tier) dividend of 10% on 126,488,095 ordinary shares, declared on 17 December 2013 and paid on 10 January 2014 in respect of the financial year ended 31 December 2013	12,648,809
In respect of the financial year ended 31 December 2014:	
Interim tax exempt (single-tier) dividend of 10% on 126,624,095 ordinary shares, declared on 21 November 2014 and paid on 15 December 2014 in respect of the financial year ended 31 December 2014	12,662,409

	25,311,218
	=====

DIRECTORS' REPORT

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Ng Cheng Chuan
 Chew Chiaw Han
 Sharifah Deborah Sophia Ibrahim
 Datuk (Dr.) Ting Ding Ing
 Ng Kee Tiong
 Guido Paul Philip Joseph Ravelli
 Liu Tow Hua
 Chew Pok Oi (Alternate director to Sharifah Deborah Sophia Ibrahim)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Plan.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	As at 1.1.2014	Acquired	Sold	As at 31.12.2014
The Company				
Direct interest				
Sharifah Deborah Sophia Ibrahim	25,071,420	-	-	25,071,420
Ng Cheng Chuan	21,936,666	-	-	21,936,666
Chew Chiaw Han	4,000,000	-	-	4,000,000
Datuk (Dr.) Ting Ding Ing	550,000	-	-	550,000
Ng Kee Tiong	250,000	-	-	250,000
Indirect interest				
Chew Chiaw Han	29,384,721	1,720,600	-	31,105,321
Ng Cheng Chuan	9,000,000	-	-	9,000,000

By virtue of their substantial interests in the Company, Chew Chiaw Han, Ng Cheng Chuan, and Sharifah Deborah Sophia Ibrahim are also deemed interested in shares of the subsidiary companies to the extent that the Company has an interest.

DIRECTORS' REPORT

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary shares capital from RM126,488,095 to RM126,624,095 by way of the issuance of 136,000 ordinary shares of RM1 each through the exercise and allotment of 136,000 option shares of RM1 each at RM1.01 per share pursuant to the Employee Share Option Scheme.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Employee Share Option Plan

At an Extraordinary General Meeting held on 29 June 2011, shareholders approved the Employee Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible employees and directors of the Ibraco Group (excluding subsidiaries which are dormant).

The committee administering the ESOS comprises the board of directors.

The salient features and other terms of the ESOS is disclosed in Note 22 to the financial statements.

On 1 July 2011, the Company granted 12,240,000 share options under the ESOS. These options expire on 30 June 2016 and are exercisable only by the grantee during his life time and whilst he is in the employment of the Group and within the Options Period.

Details of all the options to subscribe for ordinary shares of the Company pursuant to ESOS as at 31 December 2014 are as follows:

Expiry date	Exercise price (RM)	Number of options
30 June 2016	1.01	12,240,000 =====

Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

Other statutory information (contd.)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant and subsequent events

Details of significant and subsequent events are disclosed in Note 13 and Note 38 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2015.

Chew Chiaw Han

Liu Tow Hua

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, **Chew Chiaw Han** and **Liu Tow Hua**, being two of the directors of **Ibraco Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 41 to 118 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2015.

Chew Chiaw Han

Liu Tow Hua

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Liu Tow Hua**, being the director primarily responsible for the financial management of **Ibraco Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Liu Tow Hua**
at Kuching in the State of Sarawak
on 24 April 2015

Liu Tow Hua

Before me,
Phang Dah Nan (No. Q 119)
Commissioner For Oaths
First Floor, Sublot 18,
Lot 2227, M10 Commercial Centre,
10th Mile, Kuching-Serian Road,
93250 Kuching, Sarawak.

INDEPENDENT AUDITORS' REPORT

to the Members of Ibraco Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Ibraco Berhad**, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 118.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

to the Members of Ibraco Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 40 on page 119 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHIN MUI KHIONG PETER
No. 1881/03/16 (J)
Chartered Accountant

Kuching, Malaysia.
Date: 24 April 2015

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2014

	Note	2014 RM	Group 2013 RM	Company 2014 RM	2013 RM
Revenue	4	229,061,354	177,141,635	183,729,371	164,227,474
Cost of sales	5	(167,585,715)	(117,210,794)	(136,720,978)	(109,556,346)
Gross profit		61,475,639	59,930,841	47,008,393	54,671,128
Other item of income					
Other income		7,466,599	824,889	8,189,728	480,787
Other items of expense					
Administrative expenses		(12,901,101)	(12,919,243)	(9,209,402)	(10,740,378)
Selling and marketing expenses		(246,473)	(80,340)	(246,473)	(80,340)
Other expenses		-	(24,759)	-	-
Operating profit		55,794,664	47,731,388	45,742,246	44,331,197
Finance costs	6	(2,977,967)	(3,718,305)	(3,016,467)	(3,823,307)
Profit before tax	7	52,816,697	44,013,083	42,725,779	40,507,890
Income tax expense	10	(14,050,246)	(10,989,405)	(11,326,300)	(10,971,675)
Profit net of tax, representing total comprehensive income for the year		38,766,451	33,023,678	31,399,479	29,536,215
Total comprehensive income attributable to:					
Owners of the Company		36,379,241	33,076,437	31,399,479	29,536,215
Non-controlling interests		2,387,210	(52,759)	-	-
		38,766,451	33,023,678	31,399,479	29,536,215
Earnings per share attributable to owners of the Company (sen)					
- Basic	11(a)	29	27		
- Diluted	11(b)	29	27		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2014

	Note	Group			Company		
		31.12.2014 RM	Restated 31.12.2013 RM	Restated 1.1.2013 RM	31.12.2014 RM	Restated 31.12.2013 RM	Restated 1.1.2013 RM
ASSETS							
Non-current assets							
Property, plant and equipment	12	8,558,503	7,431,262	2,933,898	2,947,008	1,643,524	1,797,351
Investments in subsidiary companies	13	-	-	-	33,077,168	32,377,170	31,697,245
Land held for property development	14(a)	130,845,839	125,338,817	107,471,736	129,806,103	120,926,496	102,660,713
Investment property	15	51,400,000	45,170,154	44,486,878	51,400,000	45,187,638	44,504,362
Deferred tax assets	26	4,732,493	3,690,059	2,357,993	1,950,609	2,411,309	1,454,232
		<u>195,536,835</u>	<u>181,630,292</u>	<u>157,250,505</u>	<u>219,180,888</u>	<u>202,546,137</u>	<u>182,113,903</u>
Current assets							
Property development costs	14(b)	84,088,651	88,800,616	81,903,142	60,407,535	87,762,145	82,424,795
Inventories	16	12,249,097	1,640,738	1,067,225	12,536,457	901,267	-
Trade and other receivables	17	26,647,768	21,213,075	28,599,512	57,022,908	25,411,916	25,634,159
Other current assets	18	80,658,347	34,919,804	25,975,546	34,974,076	17,732,312	25,975,546
Investment securities	20	4,285,542	35,326,580	9,600,000	121,871	27,114,370	2,100,000
Cash and bank balances	21	17,473,875	21,775,964	19,769,381	12,323,368	19,389,637	16,470,950
		<u>225,403,280</u>	<u>203,676,777</u>	<u>166,914,806</u>	<u>177,386,215</u>	<u>178,311,647</u>	<u>152,605,450</u>
TOTAL ASSETS		<u>420,940,115</u>	<u>385,307,069</u>	<u>324,165,311</u>	<u>396,567,103</u>	<u>380,857,784</u>	<u>334,719,353</u>

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2014

	Note	Group			Company		
		31.12.2014 RM	Restated 31.12.2013 RM	Restated 1.1.2013 RM	31.12.2014 RM	Restated 31.12.2013 RM	Restated 1.1.2013 RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	22	126,624,095	126,488,095	121,675,095	126,624,095	126,488,095	121,675,095
Share premium	22	9,964,338	9,956,578	9,091,595	9,964,338	9,956,578	9,091,595
Share option reserve	23	16,960	23,360	606,401	16,960	23,360	606,401
Retained earnings	24	96,839,828	73,122,996	58,949,523	102,927,378	84,190,308	73,557,057
		233,445,221	209,591,029	190,322,614	239,532,771	220,658,341	204,930,148
Non-controlling interests		3,516,798	829,588	332,347	-	-	-
Total equity		236,962,019	210,420,617	190,654,961	239,532,771	220,658,341	204,930,148
Non-current liabilities							
Loans and borrowings	25	41,539,750	55,258,707	63,310,560	41,539,750	55,258,707	63,310,560
Deferred tax liability	26	2,391	2,391	78,563	-	-	-
		41,542,141	55,261,098	63,389,123	41,539,750	55,258,707	63,310,560
Current liabilities							
Loans and borrowings	25	58,764,481	41,736,294	27,286,265	58,764,481	41,736,294	27,286,265
Trade and other payables	27	75,640,583	74,038,931	40,443,996	54,804,143	58,870,929	36,753,209
Other current liabilities	28	7,238,276	1,383,508	-	-	1,321,008	-
Income tax payable		792,615	2,466,621	2,390,966	1,925,958	3,012,505	2,439,171
		142,435,955	119,625,354	70,121,227	115,494,582	104,940,736	66,478,645
Total liabilities		183,978,096	174,886,452	133,510,350	157,034,332	160,199,443	129,789,205
TOTAL EQUITY AND LIABILITIES		420,940,115	385,307,069	324,165,311	396,567,103	380,857,784	334,719,353

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

	Attributable to equity holders of the Group					
	← Non-distributable →			Distributable		Total equity
	Share capital (Note 22)	Share premium (Note 22)	Share option reserve (Note 23)	Retained earnings	Non-controlling interests	
RM	RM	RM	RM	RM		
Group						
At 1 January 2013	121,675,095	9,091,595	606,401	58,949,523	332,347	190,654,961
Profit net of tax, representing total comprehensive income	-	-	-	33,076,437	(52,759)	33,023,678
Contribution of capital by non-controlling interests	-	-	-	-	550,000	550,000
Transactions with owners:						
Grant of equity-settled share options to employees	-	-	243,888	-	-	243,888
Forfeiture of employees share options	-	-	(10,075)	-	-	(10,075)
Exercise of employees share options	4,813,000	864,983	(816,854)	-	-	4,861,129
Dividends on ordinary shares (Note 37)	-	-	-	(18,902,964)	-	(18,902,964)
At 31 December 2013	126,488,095	9,956,578	23,360	73,122,996	829,588	210,420,617
Profit net of tax, representing total comprehensive income	-	-	-	36,379,241	2,387,210	38,766,451
Contribution of capital by non-controlling interests	-	-	-	-	300,000	300,000
Transactions with owners:						
Exercise of employees share options	136,000	7,760	(6,400)	-	-	137,360
Dividends on ordinary shares (Note 37)	-	-	-	(12,662,409)	-	(12,662,409)
At 31 December 2014	126,624,095	9,964,338	16,960	96,839,828	3,516,798	236,962,019

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

	Attributable to equity holders of the Company			Distributable Retained earnings (Note 24) RM	Total equity RM
	← Share capital (Note 22) RM	Non-distributable Share premium (Note 22) RM	Share option reserve (Note 23) RM		
Company					
At 1 January 2013	121,675,095	9,091,595	606,401	73,557,057	204,930,148
Profit net of tax, representing total comprehensive income	-	-	-	29,536,215	29,536,215
Transactions with owners:					
Grant of equity-settled share options to employees	-	-	243,888	-	243,888
Forfeiture of employees share options	-	-	(10,075)	-	(10,075)
Exercise of employees share options	4,813,000	864,983	(816,854)	-	4,861,129
Dividends on ordinary shares (Note 37)	-	-	-	(18,902,964)	(18,902,964)
At 31 December 2013	126,488,095	9,956,578	23,360	84,190,308	220,658,341
Profit net of tax, representing total comprehensive income	-	-	-	31,399,479	31,399,479
Transactions with owners:					
Exercise of employees share options	136,000	7,760	(6,400)	-	137,360
Dividends on ordinary shares (Note 37)	-	-	-	(12,662,409)	(12,662,409)
At 31 December 2014	126,624,095	9,964,338	16,960	102,927,378	239,532,771

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Operating activities					
Profit before tax		52,816,697	44,013,083	42,725,779	40,507,890
<u>Adjustments for:</u>					
Allowance for impairment of receivables	7	959,903	336,765	-	-
Depreciation of property, plant and equipment	7	943,399	610,528	502,348	466,358
Dividend income received from investment securities	7	(325,874)	(379,565)	(48,539)	(75,468)
(Gain)/loss on disposal of property, plant and equipment	7	(294,728)	630,746	(13,236)	630,746
Gain on fair value of investment property	7	(6,229,846)	-	(6,212,362)	-
Impairment of investment in subsidiary	7	-	-	-	802,778
Interest expenses	6	2,977,967	3,718,305	3,016,467	3,823,307
Interest income	7	(237,463)	(211,453)	(1,710,602)	(365,656)
Inventories written down	7	-	259,206	-	-
Inventories written off	7	8,571	23,599	-	-
Property, plant and equipment written off	7	5,211	-	4,936	-
Share options to employees		-	233,813	-	201,110
Waiver of debts	7	-	-	2,236	6,160
		-----	-----	-----	-----
Total adjustments		(2,192,860)	5,221,944	(4,458,752)	5,489,335
Operating profit before working capital changes		50,623,837	49,235,027	38,267,027	45,997,225
<u>Changes in working capital:</u>					
Property development costs		2,658,034	(5,838,016)	29,558,151	(4,277,892)
Land held for property development		(1,249,550)	(17,867,081)	(8,879,607)	(18,265,783)
Inventories		(10,616,930)	(856,318)	(11,635,190)	(901,267)
Receivables		(6,394,596)	7,049,672	(31,613,228)	222,243
Other current assets		(45,738,543)	(8,944,258)	(17,241,764)	8,243,234
Payables		14,250,461	20,946,126	8,582,023	9,462,751
Other current liabilities		5,854,768	1,383,508	(1,321,008)	1,321,008
Deposits pledged for bank guarantee		(19,220)	(835,427)	(19,220)	(835,427)
		-----	-----	-----	-----
Cash generated from operations		9,368,261	44,273,233	5,697,184	40,966,092
Interest paid		(5,181,508)	(4,777,763)	(5,220,008)	(4,882,765)
Interest income		237,463	211,453	1,710,602	365,656
Taxes paid		(16,892,804)	(12,370,627)	(11,952,147)	(11,355,418)
Tax refunded		126,118	48,639	-	-
		-----	-----	-----	-----
Net cash (used in)/generated from operating activities		(12,342,470)	27,384,935	(9,764,369)	25,093,565
		-----	-----	-----	-----

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Investing activities					
Expenditure on investment property	15	-	(683,276)	-	(683,276)
Subscription of share in subsidiaries		-	-	(700,000)	(1,450,000)
Deposits with maturity more than 3 months		(43,500)	(42,833)	(43,500)	(42,833)
Purchase of property, plant and equipment		(780,623)	(5,738,638)	(515,532)	(943,277)
Purchase of investment securities		(7,358,962)	(43,726,580)	(6,007,501)	(34,514,370)
Proceeds from disposal of investment securities		38,400,000	18,000,000	33,000,000	9,500,000
Proceeds from disposal of a subsidiary		-	-	2	-
Proceeds from shares issued to non-controlling interests		300,000	550,000	-	-
Proceeds from disposal of property, plant and equipment		319,500	-	38,000	-
Dividends received from investment securities		325,874	379,565	48,539	75,468
		-----	-----	-----	-----
Net cash generated from/(used in) investing activities		31,162,289	(31,261,762)	25,820,008	(28,058,288)
		-----	-----	-----	-----
Financing activities					
Dividend paid on ordinary shares		(25,311,218)	(6,254,155)	(25,311,218)	(6,254,155)
Repayment of term loans		(43,411,004)	(16,469,334)	(43,411,004)	(16,469,334)
Repayment of finance lease		(199,766)	(832,490)	(199,766)	(832,490)
Proceeds from exercise of employee share options		137,360	4,861,129	137,360	4,861,129
Proceeds from term loans		25,000,000	14,500,000	25,000,000	14,500,000
Net proceeds from revolving credit obtained		20,600,000	9,200,000	20,600,000	9,200,000
		-----	-----	-----	-----
Net cash (used in)/generated from financing activities		(23,184,628)	5,005,150	(23,184,628)	5,005,150
		-----	-----	-----	-----
Net (decrease)/increase in cash and cash equivalents		(4,364,809)	1,128,323	(7,128,989)	2,040,427
Cash and cash equivalents at 1 January		19,697,704	18,569,381	17,311,377	15,270,950
		-----	-----	-----	-----
Cash and cash equivalents at 31 December	21	15,332,895	19,697,704	10,182,388	17,311,377
		=====	=====	=====	=====

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Ibraco House, No. 898, Jalan Wan Alwi, Tabuan Jaya, 93350 Kuching, Sarawak.

The Company is engaged in realty development and investment holding. The principal activities of the subsidiary companies are set out in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors on 24 April 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS" or "FRSs") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2014 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10: Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under FRS 10.

Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible asset with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13: Fair Value Measurements. The application of these amendments has no material impact on the disclosures in the Group's and the Company's financial statements.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments	1 January 2018

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provide that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9: Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139: Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will not have an effect on the classification and measurement of the Group's financial assets and financial liabilities.

Annual Improvements to FRSs 2010-2012 Cycle

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual Improvements to FRSs 2010-2012 Cycle (contd.)

(a) FRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

(b) FRS 3: Business Combinations

The amendments to FRS 3 clarify that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

(c) FRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

(d) FRS 116: Property, Plant and Equipment and FRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

(e) FRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual Improvements to FRSs 2011-2013 Cycle

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(a) FRS 3: Business Combinations

The amendments to FRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. These amendments are to be applied prospectively.

(b) FRS 13: Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable).

(c) FRS 140: Investment Property

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of FRS 140; and
- the transaction meets the definition of a business combination under FRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

Annual Improvements to FRSs 2012-2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(a) FRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Annual Improvements to FRSs 2012-2014 Cycle (contd.)

(b) FRS 119: Employee Benefits

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(c) FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements if not disclosed elsewhere in the interim financial report.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

2.4 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture (MFRS 141) and IC Interpretation 15: Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be preparing their financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 31 December 2017. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have commenced transitioning their accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.4 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

(a) Assessment and planning phase

This phase involves the following:

- (i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- (ii) Evaluation of any training requirements; and
- (iii) Preparation of a conversion plan.

The Group and the Company have commenced their assessment and planning phase, with work progressing in each of the areas described above. This phase is expected to be completed during the upcoming financial year.

(b) Implementation and review phase

This phase aims to:

- (i) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
- (ii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework;
- (iii) develop disclosures required by the MFRS Framework; and
- (iv) develop training programs for the staff.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.5 Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.5 Basis of consolidation (contd.)

Business combinations (contd.)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.6 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owner's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.7 Property, plant and equipment (contd.)

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and renovation	5 to 50 years
Motor vehicles, office equipment, furniture and fittings	5 to 20 years
Plant and equipment	5 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the year in which they arise.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.11 Financial assets (contd.)

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposit with maturity of three months or less. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contracts costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.14 Construction contracts (contd.)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of cost incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.15 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within other current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within other current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.16 Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Inventories for consumables are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.18 Financial liabilities (contd.)

(a) Financial liabilities at fair value through profit or loss (contd.)

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.19 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.20 Borrowing costs (contd.)

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(iii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.22 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(viii).

2.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable:

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.14.

(iii) Sale of completed properties

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.23 Revenue recognition (contd.)

(iv) Development properties

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- A contract to construct a property
Or
- A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which the development is taking place is owned by the final customer; and
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

(v) Revenue from landscaping and maintenance work

Revenue from landscaping and maintenance work are recognised upon completion at reporting date. Where the work outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(vi) Interest income

Interest income is recognised using the effective interest rate method.

(vii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(viii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

(b) Deferred tax (contd.)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36.

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.28 Fair value measurements

The Group measures financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

2. Summary of significant accounting policies (contd.)

2.28 Fair value measurements (contd.)

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as disclosed in Note 33.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification of property

The Group determines whether a property is classified as investment property or inventory property:

- Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Inventory property comprises property that is held for sale in the ordinary course of business.

(b) Investment property

Management judged that it retains all the significant risks and rewards of ownership of the investment property, thus accounted for the lease contracts with tenants as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

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3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 17.

(b) Construction contracts and property development

The Group recognises construction contracts and property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts and property development costs incurred for work performed to date bear to the estimated total construction contracts and property development costs.

Significant judgement is required in determining the stage of completion, the extent of the construction contracts and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 14 respectively.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

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3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(d) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 29.

(e) Estimation of net realisable value for inventory

Inventory is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

4. Revenue

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Sales of developed properties and land	193,357,768	161,413,557	180,795,039	161,413,557
Construction revenue	32,769,254	12,914,161	-	-
Rental income from investment property	2,934,332	2,813,917	2,934,332	2,813,917
	=====	=====	=====	=====
	229,061,354	177,141,635	183,729,371	164,227,474
	=====	=====	=====	=====

5. Cost of sales

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Property development costs	139,460,706	106,472,997	136,599,731	109,404,404
Construction cost	28,003,762	10,585,855	-	-
Investment property maintenance cost	121,247	151,942	121,247	151,942
	=====	=====	=====	=====
	167,585,715	117,210,794	136,720,978	109,556,346
	=====	=====	=====	=====

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6. Finance costs

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expense on:				
- Bank loans and bank overdrafts	5,153,670	4,734,610	5,153,670	4,734,610
- Obligation under finance lease	27,838	43,153	27,838	43,153
- Inter-company owing	-	-	38,500	105,002
Less: Interest expense capitalised in property development cost (Note 14(b))	(2,203,541)	(1,059,458)	(2,203,541)	(1,059,458)
Total finance costs	<u>2,977,967</u>	<u>3,718,305</u>	<u>3,016,467</u>	<u>3,823,307</u>

7. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration:				
- statutory audit	86,400	86,400	56,000	56,000
- other services	10,000	10,000	10,000	10,000
Depreciation of property, plant and equipment (Note 12)	943,399	610,528	502,348	466,358
Dividends income received from investment securities	(325,874)	(379,565)	(48,539)	(75,468)
Employee benefit expenses (Note 8)	5,322,602	4,733,190	4,028,503	3,830,305
Gain on fair value of investment property	(6,229,846)	-	(6,212,362)	-
(Gain)/loss on disposal of property, plant and equipment	(294,728)	630,746	(13,236)	630,746
Interest income	(237,463)	(211,453)	(1,710,602)	(365,656)
Impairment loss on financial assets:				
- trade receivables (Note 17)	959,903	230,694	-	-
- other receivables	-	106,071	-	-
Inventories written down	-	259,206	-	-
Inventories written off	8,571	23,599	-	-
Impairment on investment in subsidiary	-	-	-	802,778
Non-executive directors' remuneration (Note 9)	646,171	360,900	453,714	298,000
Property, plant and equipment written off	5,211	-	4,936	-
Rental expense	642,260	648,740	642,260	648,740
Waiver of debts	-	-	2,236	6,160
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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8. Employee benefit expenses

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages and salaries	4,695,728	4,026,744	3,565,440	3,267,613
Staff benefits	12,720	(32,991)	4,753	(38,971)
Contribution to defined contribution plan	569,877	485,937	430,896	392,331
Other benefits	44,277	35,687	27,414	24,222
	-----	-----	-----	-----
	5,322,602	4,515,377	4,028,503	3,645,195
Share options granted under ESOS	-	217,813	-	185,110
	-----	-----	-----	-----
	5,322,602	4,733,190	4,028,503	3,830,305
	=====	=====	=====	=====

Included in employee benefit expenses of the Group and of the Company are executive directors' remuneration amounting to RM911,519 (2013: RM1,311,036) and RM828,240 (2013: RM1,292,786) respectively as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors' remuneration (Note 8):				
Fees	83,279	-	-	-
Salaries and other emoluments	828,240	1,266,236	828,240	1,247,986
Share options granted under ESOS	-	44,800	-	44,800
	-----	-----	-----	-----
	911,519	1,311,036	828,240	1,292,786
	-----	-----	-----	-----
Non-executive directors' remuneration (Note 7):				
Fees	646,171	344,900	453,714	282,000
Share options granted under ESOS	-	16,000	-	16,000
	-----	-----	-----	-----
	646,171	360,900	453,714	298,000
	-----	-----	-----	-----
Total directors' remuneration	1,557,690	1,671,936	1,281,954	1,590,786
Estimated money value of benefits-in-kind	24,445	725,145	24,445	725,145
	-----	-----	-----	-----
Total directors' remuneration including benefits-in-kind (Note 30(c))	1,582,135	2,397,081	1,306,399	2,315,931
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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9. Directors' remuneration (contd.)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive:				
Fees	83,279	-	-	-
Salaries and other emoluments	739,530	1,132,415	739,530	1,114,165
Defined contribution plans	88,710	133,821	88,710	133,821
Benefits-in-kind	24,445	725,145	24,445	725,145
Share options granted under ESOS	-	44,800	-	44,800
	-----	-----	-----	-----
	935,964	2,036,181	852,685	2,017,931
	-----	-----	-----	-----
Non-executive:				
Fees	462,114	290,400	453,714	282,000
Share options granted under ESOS	-	16,000	-	16,000
	-----	-----	-----	-----
	462,114	306,400	453,714	298,000
	-----	-----	-----	-----
	1,398,078	2,342,581	1,306,399	2,315,931
	=====	=====	=====	=====

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below:

	Number of directors	
	2014	2013
Executive directors:		
RM250,001 - RM300,000	1	1
RM300,001 - RM350,000	-	1
RM500,001 - RM600,000	1	1
RM600,001 - RM900,000	-	1
Non-executive directors:		
NIL - RM50,000	1	1
RM50,001 - RM100,000	3	4
RM200,001 - RM250,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

10. Income tax expense

Major component of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Statement of comprehensive income				
Current income tax:				
- Malaysian income tax	15,113,200	12,347,250	10,886,200	11,879,000
- (Over)/under provision in respect of previous years	(20,520)	50,393	(20,600)	49,752
	-----	-----	-----	-----
	15,092,680	12,397,643	10,865,600	11,928,752
	-----	-----	-----	-----
Deferred tax (Note 26):				
- Originating and reversal of temporary differences	(1,179,323)	(1,351,277)	368,900	(963,939)
- Effect of reduction in tax rates	124,813	-	85,000	-
- Under/(over) provision in respect of previous years	12,076	(56,961)	6,800	6,862
	-----	-----	-----	-----
	(1,042,434)	(1,408,238)	460,700	(957,077)
	-----	-----	-----	-----
Income tax expense recognised in profit or loss	14,050,246	10,989,405	11,326,300	10,971,675
	=====	=====	=====	=====

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25% effective year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected the change in tax rate.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

10. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	52,816,697	44,013,083	42,725,779	40,507,890
Tax at Malaysian statutory rate of 25% (2013: 25%)	13,204,174	11,003,271	10,681,445	10,126,973
Effect of reduction in tax rates	124,813	-	85,000	-
Income not subject to tax	(81,919)	(94,960)	(12,135)	(18,867)
Expenses not deductible for tax purposes	907,526	1,215,379	585,790	806,955
Deferred tax assets not recognised	10,160	16,330	-	-
Deferred tax recognised on tax losses and unabsorbed capital allowances previously not recognised	(106,064)	(1,144,047)	-	-
(Over)/under provision of income tax expense in prior year	(20,520)	50,393	(20,600)	49,752
Under/(over) deferred tax in prior year	12,076	(56,961)	6,800	6,862
Income tax expense recognised in profit or loss	14,050,246	10,989,405	11,326,300	10,971,675

11. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2014	2013
Profit attributable to owners of the Company (RM)	36,379,241	33,076,437
Weighted average number of ordinary shares in issue	126,511,555	123,967,268
Basic earnings per share (sen)	29	27

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

11. Earnings per share (contd.)

(b) Diluted

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	2014	Group 2013
Profit attributable to owners of the Company (RM)	36,379,241	33,076,437
Weighted average number of ordinary shares in issue for diluted earnings per share computation*	126,515,735	124,031,798
Diluted earnings per share (sen)	29	27
	=====	=====
Weighted average number of ordinary shares for basic earnings per share computation	126,511,555	123,967,268
Effects of dilution		
- Share options	4,180	64,530
	-----	-----
Weighted average number of ordinary shares in issue for diluted earnings per share computation*	126,515,735	124,031,798
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

12. Property, plant and equipment

Group	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work- in-progress RM	Total RM
At 31 December 2014					
Cost					
At 1 January 2014	2,572,902	4,164,595	4,914,397	805,970	12,457,864
Additions	48,567	1,838,707	118,529	94,820	2,100,623
Disposals	-	(200,500)	(434,482)	-	(634,982)
Written off	-	(251,634)	(21,193)	-	(272,827)
At 31 December 2014	<u>2,621,469</u>	<u>5,551,168</u>	<u>4,577,251</u>	<u>900,790</u>	<u>13,650,678</u>
Accumulated depreciation					
At 1 January 2014	997,569	2,958,861	1,070,172	-	5,026,602
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	152,385	401,591	389,423	-	943,399
Disposals	-	(200,498)	(409,712)	-	(610,210)
Written off	-	(246,430)	(21,186)	-	(267,616)
At 31 December 2014	<u>1,149,954</u>	<u>2,913,524</u>	<u>1,028,697</u>	<u>-</u>	<u>5,092,175</u>
Net carrying amount	<u>1,471,515</u>	<u>2,637,644</u>	<u>3,548,554</u>	<u>900,790</u>	<u>8,558,503</u>

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work- in-progress RM	Total RM
Group (contd.)					
At 31 December 2013					
Cost					
At 1 January 2013	1,958,057	4,832,667	998,809	-	7,789,533
Additions	614,845	402,235	3,915,588	805,970	5,738,638
Disposals	-	(1,070,307)	-	-	(1,070,307)
	-----	-----	-----	-----	-----
At 31 December 2013	2,572,902	4,164,595	4,914,397	805,970	12,457,864
	=====	=====	=====	=====	=====
Accumulated depreciation					
At 1 January 2013	903,943	2,984,230	967,462	-	4,855,635
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	93,626	414,192	102,710	-	610,528
Disposals	-	(439,561)	-	-	(439,561)
	-----	-----	-----	-----	-----
At 31 December 2013	997,569	2,958,861	1,070,172	-	5,026,602
	=====	=====	=====	=====	=====
Net carrying amount	1,575,333	1,205,734	3,844,225	805,970	7,431,262
	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

12. Property, plant and equipment (contd.)

Company	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Total RM
At 31 December 2014				
Cost				
At 1 January 2014	920,209	2,591,851	240,285	3,752,345
Additions	48,567	1,786,965	-	1,835,532
Disposals	-	(118,900)	(66,482)	(185,382)
Written off	-	(204,376)	(15,195)	(219,571)
	-----	-----	-----	-----
At 31 December 2014	968,776	4,055,540	158,608	5,182,924
	=====	=====	=====	=====
Accumulated depreciation				
At 1 January 2014	344,205	1,551,562	213,054	2,108,821
Depreciation charge for the year:				
Recognised in profit or loss (Note 7)	127,553	372,653	2,142	502,348
Disposals	-	(118,899)	(41,719)	(160,618)
Written off	-	(199,444)	(15,191)	(214,635)
	-----	-----	-----	-----
At 31 December 2014	471,758	1,605,872	158,286	2,235,916
	=====	=====	=====	=====
Net carrying amount	497,018	2,449,668	322	2,947,008
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Total RM
Company (contd.)				
At 31 December 2013				
Cost				
At 1 January 2013	286,450	3,352,640	240,285	3,879,375
Additions	633,759	309,518	-	943,277
Disposals	-	(1,070,307)	-	(1,070,307)
At 31 December 2013	<u>920,209</u>	<u>2,591,851</u>	<u>240,285</u>	<u>3,752,345</u>
Accumulated depreciation				
At 1 January 2013	275,411	1,597,363	209,250	2,082,024
Depreciation charge for the year:				
Recognised in profit or loss (Note 7)	68,794	393,760	3,804	466,358
Disposals	-	(439,561)	-	(439,561)
At 31 December 2013	<u>344,205</u>	<u>1,551,562</u>	<u>213,054</u>	<u>2,108,821</u>
Net carrying amount	<u>576,004</u>	<u>1,040,289</u>	<u>27,231</u>	<u>1,643,524</u>

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,320,000 (2013: RM Nil) by means of finance lease. The cash outflow on acquisition of property, plant and equipment for the Group and the Company amounted to RM780,623 (2013: RM5,738,638) and RM515,532 (2013: RM943,277) respectively.

The carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements at the reporting date were RM1,720,220 (2013: RM510,515).

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 25.

Leased asset is pledged as security for the related finance lease liabilities (Note 25). The net carrying amount of motor vehicles pledged for borrowings as referred to Note 25 are RM1,720,220 (2013: RM510,515).

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

13. Investments in subsidiary companies

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost	33,879,946	33,179,948
Impairment losses	(802,778)	(802,778)
	33,077,168	32,377,170
	33,077,168	32,377,170

Details of subsidiary companies, all of which are incorporated and domiciled in Malaysia, and their principal activities are as set out below:

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2014	2013
Greater Tabuan Sdn. Bhd.	Housing and property development	100%	100%
Syarikat Ibraco-Peremba Sdn. Bhd.	Land and property development	100%	100%
Foso One Sdn. Bhd.	Construction	100%	100%
Ibraco Construction Sdn. Bhd.	Construction	100%	100%
Ibraco HGS Sdn. Bhd.	Property development and construction	70%	70%
Ibraco Pelita Sdn. Bhd.	Property development and construction	75%	75%
Ibraco Plantation Sdn. Bhd.	Plantation and investment holdings	70%	70%
Ibraco Spectrum Sdn. Bhd.	Landscaping and trading of building materials and related products	100%	100%
Ibraco Infinity Sdn. Bhd.	Dormant	100%	100%
Ibraco Rise Sdn. Bhd.	Dormant	-	100%
Subsidiary company of Ibraco HGS Sdn. Bhd.			
Warisar Sdn. Bhd.	Property development and construction	80%	80%

All subsidiary companies are audited by Ernst & Young Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

13. Investments in subsidiary companies (contd.)

(a) The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	Ibraco HGS Sdn. Bhd. and its subsidiary		Ibraco Pelita Sdn. Bhd.		Ibraco Plantations Sdn. Bhd.		Total	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Current assets	80,733,339	17,572,996	1,959,804	1,024,651	1,021,861	1,000,000	83,715,004	19,597,647
Current liabilities	72,736,474	15,371,064	2,235,741	1,048,641	1,700	6,575	74,973,915	16,426,280
Net assets	7,996,865	2,201,932	(275,937)	(23,990)	1,020,161	993,425	8,741,089	3,171,367
Equity attributable to owners of the Company	4,717,131	1,664,374	(206,953)	(17,992)	714,113	695,397	5,224,291	2,341,779
Non-controlling interests	3,279,734	537,558	(68,984)	(5,998)	306,048	298,028	3,516,798	829,588
	7,996,865	2,201,932	(275,937)	(23,990)	1,020,161	993,425	8,741,089	3,171,367

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

13. Investments in subsidiary companies (contd.)

(a) The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination. (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	Ibraco HGS Sdn. Bhd. and its subsidiary		Ibraco Pelita Sdn. Bhd.		Ibraco Plantations Sdn. Bhd.		Total	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	44,131,983	12,914,161	-	-	-	-	44,131,983	12,914,161
Profit/(loss) for the year	4,794,933	1,216,723	(251,947)	(1,023,990)	26,737	6,575	4,569,723	186,158
Profit/(loss) attributable to: Owners of the Company	2,352,757	1,011,512	(188,960)	(767,993)	18,716	(4,602)	2,182,513	238,917
Non-controlling interests	2,442,176	205,211	(62,987)	(255,997)	8,021	(1,973)	2,387,210	(52,759)
	4,794,933	1,216,723	(251,947)	(1,023,990)	26,737	(6,575)	4,569,723	186,158

(iii) Summarised cash flows

	Ibraco HGS Sdn. Bhd. and its subsidiary		Ibraco Pelita Sdn. Bhd.		Ibraco Plantations Sdn. Bhd.		Total	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Net cash (used in)/generated from operating activities	(71,236)	190,585	(193,856)	(493,598)	(6,665)	-	(271,757)	(303,013)
Net cash generated from/ (used in) investing activities	816,485	(777,985)	210,868	(488,778)	(924,297)	-	103,056	(1,266,763)
Net cash generated from financing activities	996,058	-	-	1,000,000	-	1,000,000	996,058	2,000,000
Net increase/(decrease) in cash and cash equivalents	1,741,307	(587,400)	17,012	17,624	(930,962)	1,000,000	827,357	430,224
Cash and cash equivalents at the beginning of the year	379,516	966,916	17,624	-	1,000,000	-	1,397,140	966,916
Cash and cash equivalents at the end of the year	2,120,823	379,516	34,636	17,624	69,038	1,000,000	2,224,497	1,397,140

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

13. Investments in subsidiary companies (contd.)

On 12 July 2013, the Company had made application to the Companies Commission of Malaysia to strike off Ibraco Rise Sdn. Bhd.'s name pursuant to Section 308 of the Companies Act, 1965. This subsidiary has been dormant since incorporation and has no intention to commence any business in the future. The proposed strike off has been completed as at 18 August 2014.

On 19 August 2014, Ibraco HGS Sdn. Bhd. issued additional 1,000,000 new shares of RM1.00 each at par for cash. As a result, Ibraco HGS Sdn. Bhd.'s issued and paid-up capital of RM2,000,000 is 70% owned by the Company and 30% owned by Hiap Ghee Seng Development Sdn. Bhd.

14. Land held for property development and property development costs

(a) Land held for property development

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
At 31 December 2014				
Cost				
At 1 January 2014	26,874,668	49,902,188	48,561,961	125,338,817
Additions	-	9,674	9,754,820	9,764,494
Transfer to property development costs	(3,525,896)	(731,576)	-	(4,257,472)
At 31 December 2014	23,348,772	49,180,286	58,316,781	130,845,839
Carrying amount at 31 December 2014	23,348,772	49,180,286	58,316,781	130,845,839
At 31 December 2013 (Restated)				
Cost				
At 1 January 2013	31,346,468	50,303,244	25,822,024	107,471,736
Additions	-	-	28,015,887	28,015,887
Disposals	(4,450,774)	(422,082)	(5,275,950)	(10,148,806)
Reclassification	(21,026)	21,026	-	-
At 31 December 2013	26,874,668	49,902,188	48,561,961	125,338,817
Carrying amount at 31 December 2013	26,874,668	49,902,188	48,561,961	125,338,817

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

14. Land held for property development and property development costs (contd.)

(a) Land held for property development (contd.)

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group (contd.)				
At 31 December 2012 (Restated)				
Cost				
At 1 January 2012	13,658,367	46,537,254	-	60,195,621
Additions	19,133,679	3,765,990	25,822,024	48,721,693
Transfer to property development costs	(1,445,578)	-	-	(1,445,578)
	-----	-----	-----	-----
At 31 December 2012	31,346,468	50,303,244	25,822,024	107,471,736
	=====	=====	=====	=====
Carrying amount at 31 December 2012	31,346,468	50,303,244	25,822,024	107,471,736
	=====	=====	=====	=====
Company				
At 31 December 2014				
Cost				
At 1 January 2014	22,310,110	47,763,423	50,852,963	120,926,496
Additions	-	9,674	10,045,221	10,054,895
Transfer to property development costs	(1,175,288)	-	-	(1,175,288)
	-----	-----	-----	-----
At 31 December 2014	21,134,822	47,773,097	60,898,184	129,806,103
	=====	=====	=====	=====
Carrying amount as at 31 December 2014	21,134,822	47,773,097	60,898,184	129,806,103
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

14. Land held for property development and property development costs (contd.)

(a) Land held for property development (contd.)

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Company (contd.)				
At 31 December 2013 (Restated)				
Cost				
At 1 January 2013	26,760,884	48,185,505	27,714,324	102,660,713
Additions	-	-	28,782,786	28,782,786
Disposals	(4,450,774)	(422,082)	(5,644,147)	(10,517,003)
	-----	-----	-----	-----
At 31 December 2013	22,310,110	47,763,423	50,852,963	120,926,496
	=====	=====	=====	=====
Carrying amount as at 31 December 2013	22,310,110	47,763,423	50,852,963	120,926,496
	=====	=====	=====	=====
At 31 December 2012 (Restated)				
Cost				
At 1 January 2012	9,072,783	44,409,082	-	53,481,865
Additions	19,133,679	3,776,423	27,714,324	50,624,426
Transfer to property development costs	(1,445,578)	-	-	(1,445,578)
	-----	-----	-----	-----
At 31 December 2012	26,760,884	48,185,505	27,714,324	102,660,713
	=====	=====	=====	=====
Carrying amount as at 31 December 2012	26,760,884	48,185,505	27,714,324	102,660,713
	=====	=====	=====	=====

Certain landed properties of the Group have been amalgamated, sub-divided and pending issuance of land titles by the relevant Government authority.

The Group and the Company have freehold and leasehold land with aggregate carrying value of RM25,684,862 (2013: RM29,934,820) and RM22,163,464 (2013: RM25,370,262) respectively are pledged for securities for borrowings as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

14. Land held for property development and property development costs (contd.)

(b) Property development costs

	← Group →			← Company →		
	31.12.2014 RM	Restated 31.12.2013 RM	Restated 31.12.2012 RM	31.12.2014 RM	Restated 31.12.2013 RM	Restated 31.12.2012 RM
Property development costs at 1 January:						
Freehold land	89,613,907	89,920,381	107,608,641	89,039,064	89,345,538	107,033,798
Leasehold land	4,791,250	4,791,250	4,765,250	4,710,722	4,710,722	4,684,722
Development costs	283,627,544	180,254,044	105,771,264	289,059,415	184,529,462	109,513,817
	<u>378,032,701</u>	<u>274,965,675</u>	<u>218,145,155</u>	<u>382,809,201</u>	<u>278,585,722</u>	<u>221,232,337</u>
Costs incurred during the year:						
Freehold land	1,715,520	-	-	-	-	-
Leasehold land	-	-	26,000	-	-	26,000
Development costs	139,355,236	103,934,726	74,482,780	119,686,597	105,124,746	75,015,645
	<u>141,070,756</u>	<u>103,934,726</u>	<u>74,508,780</u>	<u>119,686,597</u>	<u>105,124,746</u>	<u>75,041,645</u>
Reversal of completed projects	(182,699,828)	-	-	(185,589,991)	-	-
Cumulative costs recognised in profit or loss:						
At 1 January	(289,232,085)	(193,062,533)	(99,541,817)	(295,047,056)	(196,160,927)	(101,142,426)
Recognised during the year	(138,342,757)	(96,169,552)	(93,520,716)	(136,224,802)	(98,886,129)	(95,018,501)
Reversal of completed projects	182,699,828	-	-	185,589,991	-	-
At 31 December	<u>(244,875,014)</u>	<u>(289,232,085)</u>	<u>(193,062,533)</u>	<u>(245,681,867)</u>	<u>(295,047,056)</u>	<u>(196,160,927)</u>
Transfers:						
From land held for development	4,257,472	-	1,445,578	1,175,288	-	1,445,578
To land held for development	-	-	(19,133,838)	-	-	(19,133,838)
Unsold units transferred to inventories	(11,697,436)	(867,700)	-	(11,991,693)	(901,267)	-
	<u>(7,439,964)</u>	<u>(867,700)</u>	<u>(17,688,260)</u>	<u>(10,816,405)</u>	<u>(901,267)</u>	<u>(17,688,260)</u>
As at 31 December	<u>84,088,651</u>	<u>88,800,616</u>	<u>81,903,142</u>	<u>60,407,535</u>	<u>87,762,145</u>	<u>82,424,795</u>

Freehold and leasehold land of the Group and the Company with aggregate carrying value of RM35,107,874 (2013: RM39,488,176) are pledged as securities for borrowings as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

14. Land held for property development and property development costs (contd.)

(b) Property development costs (contd.)

Included in property development costs incurred during the financial year are:

	Group and Company	
	2014	2013
	RM	RM
Interest expense (Note 6)	2,203,541	1,059,458
	=====	=====

15. Investment property

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
At 1 January	45,170,154	44,486,878	45,187,638	44,504,362
Increment in fair value	6,229,846	-	6,212,362	-
Additions for building works incurred	-	683,276	-	683,276
	-----	-----	-----	-----
At 31 December	51,400,000	45,170,154	51,400,000	45,187,638
	=====	=====	=====	=====
Fair value of investment property	51,400,000	45,200,000	51,400,000	45,200,000
	=====	=====	=====	=====

Valuation of investment properties

Investment property is stated at fair value, which has been determined based on valuation at the reporting date. Valuation is performed by accredited independent valuer with recent experience in the location and category of properties being valued. The valuation is based on the investment method that makes reference to nett rental income which is capitalised at the appropriate market rate of return.

The investment property with carrying value of RM51,400,000 is charged in escrow as securities for borrowings as disclosed in Note 25.

16. Inventories

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cost				
Properties held for sale	12,215,848	867,700	12,536,457	901,267
Nursery plants	33,249	32,403	-	-
	-----	-----	-----	-----
	12,249,097	900,103	12,536,457	901,267
	-----	-----	-----	-----
Net realisable value				
Properties held for sale	-	740,635	-	-
	-----	-----	-----	-----
	12,249,097	1,640,738	12,536,457	901,267
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

17. Trade and other receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables				
Third parties	27,511,919	18,520,214	16,881,716	15,433,628
Less: Allowance for impairment - third parties	(1,709,563)	(749,660)	-	-
Trade receivables, net	25,802,356	17,770,554	16,881,716	15,433,628
Other receivables				
Third parties	185,043	2,729,017	30,760	2,503,770
Deposits	753,703	776,904	609,970	723,571
Dividend receivable from investment securities	12,737	42,671	362	20,880
Amounts due from related companies	-	-	39,500,100	6,730,067
	951,483	3,548,592	40,141,192	9,978,288
Less: Allowance for impairment - third parties	(106,071)	(106,071)	-	-
Other receivables, net	845,412	3,442,521	40,141,192	9,978,288
Total trade and other receivables	26,647,768	21,213,075	57,022,908	25,411,916
Add: Cash and bank balances (Note 21)	17,473,875	21,775,964	12,323,368	19,389,637
Total loans and receivables	44,121,643	42,989,039	69,346,276	44,801,553

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 days (2013: 14 days) terms. Other credit terms are assessed and approved on a case-by-case basis.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors except for one of the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

17. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivable are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Neither past due nor impaired	24,822,116	15,433,628	16,881,716	15,433,628
Past due but not impaired	454,950	-	-	-
Impaired	2,234,853	3,086,586	-	-
	-----	-----	-----	-----
	27,511,919	18,520,214	16,881,716	15,433,628
	=====	=====	=====	=====

Receivables that are neither past due nor impaired

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Group	
	2014 RM	2013 RM
Specifically impaired		
Trade receivables - nominal amount	2,234,853	3,086,586
Less: Allowance for impairment	(1,709,563)	(749,660)
	-----	-----
	525,290	2,336,926
	=====	=====

None of the Company's trade receivables is impaired.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

17. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

	2014 RM	Group 2013 RM
Movement in allowance account		
At 1 January	749,660	518,966
Charge for the year (Note 7)	959,903	230,694
	-----	-----
At 31 December	1,709,563	749,660
	=====	=====

(b) Amount due from related companies

Amounts due from related companies are unsecured, bear interest at 5.50% to 5.75 % p.a. (2013: 5.50% p.a.) and are repayable on demand.

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM106,071 (2013: RM106,071) for impairment of the amount due from third parties with nominal amount of RM106,071 (2013: RM106,071).

18. Other current assets

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Prepayments	95,871	2,426,947	95,871	3,465
Accrued billings in respect of property development cost	34,878,205	17,728,847	34,878,205	17,728,847
Amount due from customers for contract (Note 19)	45,684,271	14,764,010	-	-
	-----	-----	-----	-----
	80,658,347	34,919,804	34,974,076	17,732,312
	=====	=====	=====	=====

19. Gross amount due from customers for contract work-in-progress

	Group	
	2014 RM	2013 RM
Construction contract costs incurred to-date	38,590,473	12,852,576
Attributable profits	7,093,798	1,911,434
	-----	-----
Progress billings	45,684,271	14,764,010
	-----	-----
Amount due from customers on contract (Note 18)	45,684,271	14,764,010
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

20. Investment securities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
<i>Financial assets at fair value through profit or loss</i>				
Unit trusts instrument (quoted in Malaysia)	4,285,542	35,326,580	121,871	27,114,370
	=====	=====	=====	=====
Fair value of quoted securities as at 31 December	4,285,542	35,326,580	121,871	27,114,370
	=====	=====	=====	=====

21. Cash and bank balances

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash on hand and at banks	15,332,895	19,697,704	10,182,388	17,311,377
Deposits with:				
Licensed finance companies	2,140,980	2,078,260	2,140,980	2,078,260
	-----	-----	-----	-----
Cash and bank balances (Note 17)	17,473,875	21,775,964	12,323,368	19,389,637
	=====	=====	=====	=====

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to twelve months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 2.88% (2013: 3.33%).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	17,473,875	21,775,964	12,323,368	19,389,637
Less:				
Deposits with maturity more than 3 months	(1,286,333)	(1,242,833)	(1,286,333)	(1,242,833)
Deposits pledged for bank guarantee	(854,647)	(835,427)	(854,647)	(835,427)
	-----	-----	-----	-----
Cash and cash equivalents	15,332,895	19,697,704	10,182,388	17,311,377
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

22. Share capital and share premium

	Number of ordinary shares of RM1 each	Amount		Total share capital and share premium RM
		Share capital RM	Share premium RM	
Group and Company				
Issued and fully paid				
At 1 January 2013	121,675,095	121,675,095	9,091,595	130,766,690
Exercise of employees share options	4,813,000	4,813,000	864,983	5,677,983
At 31 December 2013	126,488,095	126,488,095	9,956,578	136,444,673
At 1 January 2014	126,488,095	126,488,095	9,956,578	136,444,673
Exercise of employees share options	136,000	136,000	7,760	143,760
At 31 December 2014	126,624,095	126,624,095	9,964,338	136,588,433
	Number of shares of RM1 each	Amount		
	2014	2013	2014	2013
			RM	RM
Authorised:				
Redeemable cumulative preference shares				
At 1 January and 31 December	100,000	100,000	100,000	100,000
Ordinary shares				
At 1 January and 31 December	500,000,000	500,000,000	500,000,000	500,000,000

(a) Issue of shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per shares without restrictions and rank equally with regard to the company residual assets.

The Company has employee share option plan under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

(b) Employee share option scheme

At an Extraordinary General Meeting held on 29 June 2011, the Company's shareholders approved the establishment of an employees' share option scheme ("ESOS") for employees and directors of the Ibraco Group (excluding subsidiaries which are dormant) who meet the criteria of eligibility for participation.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

22. Share capital and share premium (contd.)

(b) Employee share option scheme (contd.)

The main features of ESOS are as follows:

- (i) ESOS shall be in force for a period of five (5) years, effective from 1 July 2011.
- (ii) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under ESOS shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at any point in time throughout the duration of ESOS.
- (iii) Any employee (including the directors) of the Group shall be eligible to participate in ESOS if, as at the date of offer of an option ("Offer Date"), the person:
 - (a) has attained the age of eighteen (18) years;
 - (b) is a director or is full time employees of the Group and fall under one of the categories of employees listed in the By-Law; and
 - (c) must have been employed in the Group and their employment must have been confirmed on the date of offer. Contracted employees meeting the above criteria are also eligible for the ESOS.
- (iv) The subscription price payable for shares under ESOS shall be determined by the Board upon the recommendation of the options committee and shall be fixed based on the higher of the following:
 - (a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) Market Days immediately preceding the Offer Date of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time; or
 - (b) the par value of Ibraco shares.
- (v) The maximum entitlement and basis of allocation are as follows:

The aggregate allocation of Options to the senior management of the Group and the Directors shall not exceed fifty percent (50%) of the total number of Shares to be issued under the Proposed ESOS. In addition, not more than ten percent (10%) of the total number of Shares to be issued under the Proposed ESOS are to be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, hold twenty percent (20%) or more in the issued and paid-up share capital of Ibraco.

The number of Options to be offered to each Eligible Person shall be at the discretion of the Option Committee. In exercising its discretion, the Options Committee shall take into consideration the seniority, performance and length of service of each Eligible Person whereby such criteria shall be disclosed to Eligible Person. The decision of the Option Committee shall be final and binding.

- (vi) A non-executive director must not sell, transfer or assign shares obtained through the exercise of Options offered to him pursuant to then ESOS within one (1) year from the date of offer of such ESOS Options.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

23. Share option reserve

	Employee share option reserve	
	2014 RM	2013 RM
Group and Company		
At 1 January	23,360	606,401
Transactions with owners		
Grant of equity-settled share options to employees	-	243,888
Exercise of employee share options	(6,400)	(816,854)
Forfeiture of employee share options	-	(10,075)
	-----	-----
At 31 December	16,960	23,360
	=====	=====

Employee share option reserve represents the equity-settled share options granted to employees (Note 22). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

24. Retained earnings

As at 31 December 2014 and 2013, the Company may distribute dividends out of its entire retained earnings under the single tier system.

25. Loans and borrowings

	Maturity	Group and Company	
		2014 RM	2013 RM
Current			
Secured:			
Revolving credits	2015	40,300,000	19,700,000
Finance lease (Note 31(b))	2015	310,477	121,290
Bank loans:			
- RM loan at COF + 1.75%	2015	-	3,640,000
- RM loan at COF + 1.75%	2015	7,310,000	6,600,000
- RM loan at BLR - 1.75%	2015	-	1,704,000
- RM loan at ECOF + 1.25%	2015	3,756,000	4,971,000
- RM loan at COF + 1.40%	2015	5,000,004	5,000,004
- RM loan at BLR - 2.00% to 2.25%	2015	2,088,000	-
		-----	-----
		58,764,481	41,736,294
		-----	-----

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

25. Loans and borrowings (contd.)

	Maturity	Group and Company	
		2014 RM	2013 RM
Non-current			
Secured:			
Finance lease (Note 31(b))	2016-2017	1,218,092	287,045
Bank loans:			
- RM loan at COF + 1.75%	2016	590,000	7,900,000
- RM loan at BLR - 1.75%	2016-2026	-	20,104,000
- RM loan at ECOF + 1.25%	2016-2018	9,045,000	12,801,000
- RM loan at COF + 1.40%	2016-2017	9,166,658	14,166,662
- RM loan at BLR - 2.00% to 2.25%	2016-2026	21,520,000	-
		41,539,750	55,258,707
Total loans and borrowings (Note 27)		100,304,231	96,995,001

The remaining maturity of the loans and borrowings as at 31 December 2014 and 2013 are as follows:

	Group and Company	
	2014 RM	2013 RM
On demand or within one year	58,764,481	41,736,294
More than one year and less than two years	11,787,495	17,868,523
More than two years and less than five years	16,584,255	20,865,184
Five years or more	13,168,000	16,525,000
	100,304,231	96,995,001
	100,304,231	96,995,001

Revolving credit

Total revolving credit facilities given to the Company are RM68.2 million (2013: RM47.2 million), all of which are secured by a charge over the few pieces of land held for property development (Note 14). During the year, interest was charged at rates ranging from 1% to 2% (2013: 1% to 2%) per annum above the bankers' cost of fund.

Finance lease

The finance lease is secured by a charge over the leased asset (Note 12). The average discount rate implicit in the lease is 4.09% (2013: 2.46%) per annum.

RM loan at ECOF + 1.25% p.a.

The RM loan at ECOF + 1.25% p.a. is secured by a charge over the few pieces of land held for property development (Note 14).

RM loan at COF + 1.40% p.a.

The RM loan at COF + 1.40% p.a. is secured by a charge over the few pieces of land held for property development (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

25. Loans and borrowings (contd.)

RM loan at COF + 1.75% p.a.

The RM loan at COF + 1.75% p.a. is secured by a charge over the few pieces of land held for property development (Note 14).

RM loan at BLR - 2.00% to 2.25% p.a.

The RM loan at BLR - 2% to 2.25% p.a. is secured by a charge over the few pieces of land held for property development (Note 14).

RM loan at BLR - 1.75% p.a.

The RM loan at BLR - 1.75% p.a. is secured by a charge over the few pieces of land held for property development (Note 14).

26. Deferred tax

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	(3,687,668)	(2,279,430)	(2,411,309)	(1,454,232)
Recognised in profit or loss (Note 10)	(1,042,434)	(1,408,238)	460,700	(957,077)
	-----	-----	-----	-----
At 31 December	(4,730,102)	(3,687,668)	(1,950,609)	(2,411,309)
	=====	=====	=====	=====
Presenting after appropriate offsetting as follows:				
Deferred tax assets	(4,732,493)	(3,690,059)	(1,950,609)	(2,411,309)
Deferred tax liability	2,391	2,391	-	-
	-----	-----	-----	-----
	(4,730,102)	(3,687,668)	(1,950,609)	(2,411,309)
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

26. Deferred tax (contd.)

The components and movements of deferred tax liability and assets during the financial year prior to offsetting are as follows:

Deferred tax liability of the Group:

	Investment property RM	Property, plant and equipment RM	Total RM
At 1 January 2014	-	398,965	398,965
Recognised in profit or loss	1,490,967	145,761	1,636,728
	-----	-----	-----
At 31 December 2014	1,490,967	544,726	2,035,693
	=====	=====	=====
At 1 January 2013	-	78,563	78,563
Recognised in profit or loss	-	320,402	320,402
	-----	-----	-----
At 31 December 2013	-	398,965	398,965
	=====	=====	=====

Deferred tax assets of the Group:

	Staff leave balance RM	Unutilised tax losses RM	Accruals RM	Total RM
At 1 January 2014	(21,267)	(521,580)	(3,543,786)	(4,086,633)
Recognised in profit or loss	(1,188)	521,580	(3,199,554)	(2,679,162)
	-----	-----	-----	-----
At 31 December 2014	(22,455)	-	(6,743,340)	(6,765,795)
	=====	=====	=====	=====
At 1 January 2013	(23,628)	-	(2,334,365)	(2,357,993)
Recognised in profit or loss	2,361	(521,580)	(1,209,421)	(1,728,640)
	-----	-----	-----	-----
At 31 December 2013	(21,267)	(521,580)	(3,543,786)	(4,086,633)
	=====	=====	=====	=====

Deferred tax liabilities of the Company:

	Investment property RM	Property, plant and equipment RM	Total RM
At 1 January 2014	-	79,566	79,566
Recognised in profit or loss	1,490,967	91,561	1,582,528
	-----	-----	-----
At 31 December 2014	1,490,967	171,127	1,662,094
	=====	=====	=====
At 1 January 2013	-	70,573	70,573
Recognised in profit or loss	-	8,993	8,993
	-----	-----	-----
At 31 December 2013	-	79,566	79,566
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

26. Deferred tax (contd.)

Deferred tax assets of the Company:

	Staff leave balance RM	Accruals RM	Total RM
At 1 January 2014	(21,267)	(2,469,608)	(2,490,875)
Recognised in profit or loss	(1,188)	(1,120,640)	(1,121,828)
	-----	-----	-----
At 31 December 2014	(22,455)	(3,590,248)	(3,612,703)
	=====	=====	=====
At 1 January 2013	(23,268)	(1,501,177)	(1,524,805)
Recognised in profit or loss	2,361	(968,431)	(966,070)
	-----	-----	-----
At 31 December 2013	(21,267)	(2,469,608)	(2,490,875)
	=====	=====	=====

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014 RM	2013 RM
Unused tax losses	1,220,000	1,562,000
Unabsorbed capital allowances	-	112,800
	=====	=====

The unused tax losses and unabsorbed capital allowances of the Group are available indefinitely for offset against future taxable profits of the respective entities within the Groups, subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

27. Trade and other payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables				
Third parties	45,211,543	44,693,143	13,234,773	15,700,177
Accruals	28,329,651	15,311,051	26,125,555	28,984,259
Amounts due to subsidiaries	-	-	13,643,704	404,717
	-----	-----	-----	-----
	73,541,194	60,004,194	53,004,032	45,089,153
	-----	-----	-----	-----

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

27. Trade and other payables (contd.)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables				
Other payables	48,064	52,140	46,219	32,020
Accruals	2,051,325	1,333,788	1,753,892	1,100,947
Dividend payable	-	12,648,809	-	12,648,809
	<u>2,099,389</u>	<u>14,034,737</u>	<u>1,800,111</u>	<u>13,781,776</u>
Total trade and other payables	75,640,583	74,038,931	54,804,143	58,870,929
Add: Loans and borrowings (Note 25)	<u>100,304,231</u>	<u>96,995,001</u>	<u>100,304,231</u>	<u>96,995,001</u>
Total financial liabilities carried at amortised cost	<u>175,944,814</u>	<u>171,033,932</u>	<u>155,108,374</u>	<u>155,865,930</u>

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 days to 60 days (2013: 30 days to 60 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 days (2013: 30 days).

(c) Amount due to subsidiaries

These amounts are unsecured, interest at 5.50% to 5.75% p.a. (2013: 5.50% p.a.) and under no fixed terms of repayment.

28. Other current liabilities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Accrued billings in respect of property development cost	<u>7,238,276</u>	<u>1,383,508</u>	<u>-</u>	<u>1,321,008</u>

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

29. Employee benefits

The salient features and other terms of the ESOS is disclosed in Note 22(b) to the financial statements.

(a) Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	No.	Group WAEP
Outstanding at 1 January 2014	146,000	
- Exercise	(136,000)	1.01

Outstanding at 31 December 2014	10,000	1.01
	=====	

(b) Fair value of share options granted

The fair value of share options granted under the ESOS is estimated at the date of the grant using a Black-Scholes simulation model, taking into account the terms and conditions upon which the options were granted. It takes into account historic dividends, share price fluctuation covariance of the Company and each entity of the group of competitors to predict the distribution of relative share performance. The fair value of share options granted under the ESOS remains the same for the year ended 31 December 2014.

30. Related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, the Group and the Company had the following transactions with parties during the financial year.

(a) Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Expenditure/(Revenue):				
(i) Rental of office building: Hiap Ghee Seng Sdn. Bhd.	147,840	147,840	147,840	147,840
(ii) Rental of office building: Sharifah Deborah Sophia Ibrahim	408,000	408,000	408,000	408,000
(iii) Disposal of motor vehicle: Dato' Wee Song Ching	-	420,746	-	420,746

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

30. Related party disclosures (contd.)

(a) Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest: (contd.)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Expenditure/(Revenue):				
(iv) Disposal of motor vehicle: Liew Kee Liung	-	210,000	-	210,000
(v) Sale of residential property at Tabuan Tranquillity Phase 2: Joseph Wee	-	(579,000)	-	(579,000)
(vi) Sale of residential property at Tabuan Tranquillity Phase 4: Liu Tow Hua	-	(496,000)	-	(496,000)
	=====	=====	=====	=====

(b) Transactions with subsidiary companies:

	Company	
	2014 RM	2013 RM
Interest charged by subsidiary companies:		
Ibraco Construction Sdn. Bhd.	-	105,002
Syarikat Ibraco-Peremba Sdn. Bhd.	38,500	-
Interest charged to subsidiary companies:		
Ibraco Construction Sdn. Bhd.	1,182,466	-
Ibraco HGS Sdn. Bhd.	3,699	-
Ibraco Infinity Sdn. Bhd.	560	-
Ibraco Pelita Sdn. Bhd.	88,635	10,849
Warisar Sdn. Bhd.	197,778	147,967
Landscaping services from a subsidiary company, Ibraco Spectrum Sdn. Bhd.	1,800	1,950
Sub contractors billings from a subsidiary company, Ibraco Construction Sdn. Bhd.	135,385,108	92,818,033
Sub contractors billings from a subsidiary company, Ibraco Spectrum Sdn. Bhd.	544,239	-
Waiver of debts owing by subsidiary company, Ibraco Rise Sdn. Bhd.	2,236	6,160
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

30. Related party disclosures (contd.)

(b) Transactions with subsidiary companies: (contd.)

The rental paid to a company controlled by certain directors is under terms which are determined by reference to the prevailing market rates for comparable buildings.

Purchases and other related party transactions were entered into by the Group under mutually agreed terms.

(c) Compensation of key management personnel:

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short term employee benefits	1,312,956	925,800	1,081,692	737,967
Defined contribution plan	162,430	103,719	134,656	81,170
Other short-term benefits	6,618	5,622	5,024	4,161
Benefit in kinds	117,750	27,945	100,525	16,103
Share options granted under ESOS	-	9,067	-	9,067
	-----	-----	-----	-----
	1,599,754	1,072,153	1,321,897	848,468
	=====	=====	=====	=====
Directors' remuneration (Note 9)	1,582,135	2,397,081	1,306,399	2,315,931
	=====	=====	=====	=====

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Capital expenditure approved and contracted for:				
Property, plant and equipment	47,410	142,230	-	-
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

31. Commitments (contd.)

(b) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group and Company	
	2014	2013
	RM	RM
Minimum lease payments:		
Not later than 1 year	372,203	136,221
Later than 1 year but not later than 2 years	400,428	109,162
Later than 2 years but not later than 5 years	916,471	196,564
	-----	-----
Total minimum lease payments	1,689,102	441,947
Less: Amounts representing finance charges	(160,533)	(33,612)
	-----	-----
Present value of minimum lease payments	1,528,569	408,335
	=====	=====
Present value of payments:		
Not later than 1 year	310,477	121,290
Later than 1 year but not later than 2 years	353,491	98,519
Later than 2 years but not later than 5 years	864,601	188,526
	-----	-----
Present value of minimum lease payments	1,528,569	408,335
Less: Amount due within 12 months (Note 25)	(310,477)	(121,290)
	-----	-----
Amount due after 12 months (Note 25)	1,218,092	287,045
	=====	=====

(c) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of 13 years. All leases include a clause to enable upward revision of the rental charge once in every three years based on pre-agreed rate.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group and Company	
	2014	2013
	RM	RM
Not later than 1 year	3,102,913	2,862,083
Later than 1 year but not later than 5 years	13,146,821	12,766,562
Later than 5 years	26,609,257	29,837,656
	-----	-----
	42,858,991	45,466,301
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

32. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	2014		2013	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:					
Group and Company					
Loans and borrowings					
- Obligations under finance leases	25	1,528,569	1,428,084	408,335	414,434
		=====	=====	=====	=====

(b) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	17
Cash and bank balances	21
Loans and borrowings	25
Trade and other payables	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near reporting.

The fair value of trade and other receivables where the repayment period is expected to exceed one calendar year are estimated by discounting the expected future cash flow at the prevailing base lending rate which is taken as the effective interest rate.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Fair values of investment securities are determined directly by reference to their published market price at the reporting date.

Obligation under finance lease

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

33. Fair value measurement

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities.

Quantitative disclosures of the fair value measurement hierarchy as at 31 December 2014 and 31 December 2013 were as follows:

	Note	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group						
Assets measured at fair value						
Investment securities	20	31 December 2014	4,285,542	-	-	4,285,542
Assets for which fair values are disclosed						
Investment property	15	31 December 2014	-	-	51,400,000	51,400,000
Company						
Assets measured at fair value						
Investment securities	20	31 December 2014	121,871	-	-	121,871
Assets for which fair values are disclosed						
Investment property	15	31 December 2014	-	-	51,400,000	51,400,000

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

33. Fair value measurement (contd.)

Fair value hierarchy (contd.)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities. (contd.)

Quantitative disclosures of the fair value measurement hierarchy as at 31 December 2014 and 31 December 2013 were as follows: (contd.)

	Note	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group						
Assets measured at fair value						
Investment securities	20	31 December 2013	35,326,580	-	-	35,326,580
Assets for which fair values are disclosed						
Investment property	15	31 December 2013	-	-	45,200,000	45,200,000
Company						
Assets measured at fair value						
Investment securities	20	31 December 2013	27,114,370	-	-	27,114,370
Assets for which fair values are disclosed						
Investment property	15	31 December 2013	-	-	45,200,000	45,200,000
Group and Company						
Liabilities for which fair values are disclosed:						
Interest-bearing loans and borrowings						
- Obligations under finance lease	32(a)	31 December 2014	-	1,428,084	-	1,428,084
		31 December 2013	-	414,434	-	414,434

There have been no transfers between Level 1, 2 and 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director, Chief Financial Officer and Chief Marketing Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (comprising cash and bank balances and investment securities), the Group and the Company minimise credit risk by dealing with good credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group mitigates concentration of credit risk by monitoring its trade receivables on an ongoing basis and the Group's exposure to bad debts is not significant. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets except for one on the subsidiary companies.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

34. Financial risk management objectives and policies (contd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group maintains sufficient liquid financial assets and stand-by credit facilities with six different banks. At the reporting date, 59% (2013: 43%) of the Group's loans and borrowings (Note 25) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturity

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2014			Total RM
	On demand or within one year RM	One to five years RM	Over five years RM	
Group				
Financial liabilities				
Trade and other payables	75,640,583	-	-	75,640,583
Loans and borrowings	61,199,371	32,572,625	15,103,327	108,875,323
	-----	-----	-----	-----
Total undiscounted financial liabilities	136,839,954	32,572,625	15,103,327	184,515,906
	=====	=====	=====	=====
Company				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	54,804,143	-	-	54,804,143
Loans and borrowings	61,199,371	32,572,625	15,103,327	108,875,323
	-----	-----	-----	-----
Total undiscounted financial liabilities	116,003,514	32,572,625	15,103,327	163,679,466
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

34. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturity (contd.)

Group	2013			Total RM
	On demand or within one year RM	One to five years RM	Over five years RM	
Financial liabilities				
Trade and other payables	74,038,931	-	-	74,038,931
Loans and borrowings	44,927,240	43,530,577	19,765,334	108,223,151
	-----	-----	-----	-----
Total undiscounted financial liabilities	118,966,171	43,530,577	19,765,334	182,262,082
	=====	=====	=====	=====
Company				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	58,870,929	-	-	58,870,929
Loans and borrowings	44,927,240	43,530,577	19,765,334	108,223,151
	-----	-----	-----	-----
Total undiscounted financial liabilities	103,798,169	43,530,577	19,765,334	167,094,080
	=====	=====	=====	=====

* At the reporting date, all financial guarantees contracts have expired and the right to demand cash extinguished. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings where interests are charged at floating rates and contractually re-priced to market interest rates.

The Group's policy is to manage interest cost using a mix of long and short term facilities from more than one bank. To manage this mix in a cost-efficient manner, projects development cost is normally financed by short term facilities while constructions of investment assets are normally financed by long term facilities.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

34. Financial risk management objectives and policies (contd.)

(c) Interest rate risk (contd.)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM146,189 (2013: RM63,620) higher/lower, arising mainly as a result of lower/higher interest expense on floating loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Real estate risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of the prospective tenant and decides on the appropriate level of security required via rental deposits or guarantees.
- The exposure of the fair values of the portfolio to market and occupier fundamentals.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital comprises equity attributable to the owners of the Company less the fair value adjustment reserve.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

35. Capital management (contd.)

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Loans and borrowings	25	100,304,231	96,995,001	100,304,231	96,995,001
Trade and other payables	27	75,640,583	74,038,931	54,804,143	58,870,929
Less: Cash and bank balances	21	(17,473,875)	(21,775,964)	(12,323,368)	(19,389,637)
Net debt		158,470,939	149,257,968	142,785,006	136,476,293
Equity attributable to the owners of the Company		233,445,221	209,591,029	239,532,771	220,658,341
Capital and net debt		391,916,160	358,848,997	382,317,777	357,134,634
Gearing ratio		40.43%	41.59%	37.35%	38.21%

36. Segment information

(a) Geographical segment

No geographical analysis has been presented as the Group's business interest is predominantly located in Malaysia.

(b) Business segment

The Group is principally engaged in property development, property holding and construction works. Revenue and profit generated from landscaping works is insignificant compared to the Group's overall revenue and profit.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

36. Segment information (contd.)

	Property development activities				Property holding				Construction works				Elimination				Per consolidated financial statements			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		
Revenue:																				
External customers	193,357,768	161,413,557	2,934,332	2,813,917	32,769,254	12,914,161	-	-	-	-	-	-	-	-	-	-	229,061,354	177,141,635		
Inter-segment	-	-	-	-	153,564,405	108,071,347	(153,564,405)	(108,071,347)	A								-	-		
Total revenue	193,357,768	161,413,557	2,934,332	2,813,917	186,333,659	120,985,508	(153,564,405)	(108,071,347)									229,061,354	177,141,635		
Results:																				
Interest income	237,463	211,453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,463	211,453		
Dividend income from investment securities	192,369	184,929	-	-	133,505	194,636	-	-	-	-	-	-	-	-	-	-	325,874	379,565		
Fair value gains on investment properties	-	-	6,229,846	-	-	-	-	-	-	-	-	-	-	-	-	-	6,229,846	-		
Depreciation and amortisation	510,088	475,704	-	-	433,311	134,824	-	-	-	-	-	-	-	-	-	-	943,399	610,528		
Other non-cash expenses	973,614	619,570	-	-	71	-	-	-	-	-	-	-	-	-	-	-	973,685	619,570		
Segment profit	40,095,304	35,991,909	2,813,085	2,661,975	9,600,074	5,493,787	308,234	(134,588)	B	C							52,816,697	44,013,083		
Assets:																				
Additions to non-current assets	1,835,533	924,363	-	-	265,090	4,814,275	-	-	-	-	-	-	-	-	-	-	2,100,623	5,738,638		
Segment assets	345,942,333	329,933,735	51,400,00	45,170,154	73,852,921	59,708,635	(50,255,139)	(49,505,455)									420,940,115	385,307,069		
Segments liabilities	143,486,692	129,465,328	23,608,000	21,808,000	74,167,505	47,425,963	(57,284,101)	(23,812,839)									183,978,096	174,886,452		

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

36. Segment information (contd.)

- A. Inter-segment revenues are eliminated on consolidation.
- B. Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements.

	2014 RM	2013 RM
Property, plant and equipment written off	5,211	-
Allowance for impairment loss on receivables	959,903	336,765
Inventories written off	8,571	23,599
Inventories written down	-	259,206
	-----	-----
	973,685	619,570
	=====	=====

- C. Profit from inter-segment sales are eliminated on consolidation.

37. Dividends

	Group and Company	
	2014 RM	2013 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim tax exempt (single-tier) dividend for 2014: 10.00 sen per share	12,662,409	-
- Interim tax exempt (single-tier) dividend for 2013: 10.00 sen per share	-	12,648,809
- Final tax exempt (single-tier) dividend for 2012: 5.00 sen per share	-	6,254,155
	-----	-----
	12,662,409	18,902,964
	=====	=====

38. Significant and subsequent events

On 12 July 2013, the Company had made application to the Companies Commission of Malaysia to strike off Ibraco Rise Sdn. Bhd.'s name pursuant to Section 308 of the Companies Act, 1965. This subsidiary has been dormant since incorporation and has no intention to commence any business in the future. The proposed strike off has been completed as at 18 August 2014.

On 19 August 2014, Ibraco HGS Sdn. Bhd. issued additional 1,000,000 new shares of RM1.00 each at par for cash. As a result, Ibraco HGS Sdn. Bhd. has issued and paid-up capital of RM2,000,000.

On 12 December 2014, the Company entered into a joint development agreement with Ibraco HGS Sdn. Bhd. for the joint development of lands. The shareholders of the Company have approved the resolution in relation to the joint development of lands in an extraordinary general meeting held on 12 March 2015.

On 26 March 2015, the Company entered into a Sales and Purchase Agreement with Bandar Park Sdn. Bhd. for the acquisition of approximately 5,825 square metres of freehold vacant land held under HSD 118736, PT 8 Seksyen 65 Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a purchase price of RM55 million to be fully satisfied in cash.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

39. Prior year adjustments/reclassification

During the financial year, the directors have reassessed the classification of these parcels of land that were previously classified as property development costs. Arising from the reassessment, the directors have determined that it is more appropriate to classify several parcels of land with a carrying amount of RM63,392,737 (2012: RM 44,955,862) of the Group and RM65,683,739 (2012: RM46,848,162) of the Company as inventories in accordance with FRS 201 – Property Development Activities as its core intended usage is for property development. Development activities on these parcels of land are not expected to be completed within the normal operating cycle. Accordingly, these lands are reclassified as non-current inventories and described as land held for development.

The effects arising from above were adjusted for/reclassified retrospectively as follows:

	As previously stated RM	Effects of prior year adjustment RM	As restated RM
Group			
At 31 December 2013			
Statement of financial position			
Land held for development	61,946,080	63,392,737	125,338,817
Property development cost	152,193,353	(63,392,737)	88,800,616
	=====	=====	=====
At 31 December 2012			
Statement of financial position			
Land held for development	62,515,874	44,955,862	107,471,736
Property development cost	126,859,004	(44,955,862)	81,903,142
	=====	=====	=====
Company			
At 31 December 2013			
Statement of financial position			
Land held for development	55,242,757	65,683,739	120,926,496
Property development cost	153,445,884	(65,683,739)	87,762,145
	=====	=====	=====
At 31 December 2012			
Statement of financial position			
Land held for development	55,812,551	46,848,162	102,660,713
Property development cost	129,272,957	(46,848,162)	82,424,795
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2014

40. Supplementary information

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2014	2013
	RM	RM
Recognised during the financial year:		
Total retained earnings of the Company and its subsidiaries:		
- realised	105,816,554	79,356,148
- unrealised	(8,976,726)	(6,233,152)
	-----	-----
Retained earnings as per financial statements	96,839,828	73,122,996
	=====	=====

This disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

ANALYSIS OF SHAREHOLDINGS

as at 13 April 2015

Authorised Share Capital	:	RM500,100,000 comprising 500,000,000 ordinary shares and 100,000 cumulative redeemable preference shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM126,634,095 comprising 126,488,095 ordinary shares of RM1.00 each
Class of shares	:	Ordinary shares and preference shares of RM1.00 each
Voting Rights	:	One vote per ordinary shares

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholding	Shareholders		Shareholdings	
	No.	%	No.	%
Less than 100	11	1.38	388	0.00
100 to 1,000	457	57.34	127,300	0.10
1,001 to 10,000	206	25.85	937,600	0.74
10,001 to 100,000	81	10.16	2,394,900	1.89
100,001 to 6,331,703 ^{*1}	37	4.64	42,165,821	33.30
6,331,704 and above ^{*2}	5	0.63	81,008,086	63.97
Total	797	100.00	126,634,095	100.00

Notes:

*1 Less than 5% of issued shares

*2 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

Name	No. of shares held			
	Direct	%	Indirect	%
Sharifah Deborah Sophia Ibrahim	25,071,420	19.80	-	-
Ng Cheng Chuan	21,936,666	17.33	9,000,000*	7.11
Hiap Ghee Seng Sdn. Bhd.	31,105,321	24.56	-	-
Chew Chiaw Han	4,000,000	3.16	31,105,321**	24.56
Chia Kwai Lin	9,000,000	7.11	21,936,666***	17.33

* Deemed interested by virtue of his spouse's shareholding in the Company.

** Deemed interested by virtue of his substantial shareholding in Hiap Ghee Seng Sdn. Bhd.

*** Deemed interested by virtue of her spouse's shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS

as at 13 April 2015

TOP THIRTY SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same person)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
1.	Sharifah Deborah Sophia Ibrahim	25,071,420	19.80
2.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Hiap Ghee Seng Sdn.Bhd.	25,000,000	19.74
3.	RHB Nominees (Asing) Sdn. Bhd. Bangkok Bank Berhad Pledged Securities Account for Ng Cheng Chuan	15,000,000	11.85
4.	RHB Nominees (Asing) Sdn. Bhd. RHB Securities Singapore Pte. Ltd. for Chia Kwai Lin	9,000,000	7.11
5.	RHB Nominees (Asing) Sdn. Bhd. RHB Securities Singapore Pte. Ltd. for Ng Cheng Chuan	6,936,666	5.48
6.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	6,105,321	4.82
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Syarikat Kontraktor Besta Jaya Sdn. Bhd.	5,674,000	4.48
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Microsite Enterprise Sdn. Bhd.	5,318,100	4.20
9.	Pelita Holdings Sdn. Bhd.	4,361,000	3.44
10.	UOBM Nominees (Tempatan) Sdn. Bhd. United Overseas Bank Nominees (Pte.) Ltd. for Chew Chiaw Han	3,000,000	2.37
11.	RHB Nominees (Asing) Sdn. Bhd. RHB Securities Singapore Pte. Ltd. for Yeo Gek Lin (Yang Yulin)	2,929,000	2.31
12.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Client Account)	2,052,600	1.62
13.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chang Sze Chin	1,800,000	1.42
14.	Ong Hong Lian	1,650,000	1.30
15.	Chew Chiaw Han	1,000,000	0.79
16.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Kah Chuong	1,000,000	0.79

ANALYSIS OF SHAREHOLDINGS

as at 13 April 2015

TOP THIRTY SHAREHOLDERS (contd.)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
17.	Phang Chung Tchet	710,000	0.56
18.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Clients)	566,000	0.45
19.	Ting Ding Ing	550,000	0.43
20.	Orienter Intertrade Co. Sdn. Bhd.	500,000	0.39
21.	RHB Nominees (Asing) Sdn. Bhd. RHB Securities Singapore Pte. Ltd. for Tan Kian Yong	500,000	0.39
22.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Khor Kowi Kim	468,900	0.37
23.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte. Ltd. for Ng Chee Meng	396,800	0.31
24.	Chin Chiew Ted	360,000	0.28
25.	Lee Keck Liang	279,400	0.22
26.	Ling Ah Chiong	252,700	0.20
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Kee Tiong	250,000	0.20
28.	Ong Li Xin	250,000	0.20
29.	Chieng Ung Kwong	215,000	0.17
30.	Tan Hock Liong	200,000	0.16

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

Name of Directors	No. of shares held			
	Direct	%	Indirect	%
Datuk (Dr.) Ting Ding Ing	550,000	0.43	-	-
Sharifah Deborah Sophia Ibrahim	25,071,420	19.80	-	-
Ng Cheng Chuan	21,936,666	17.33	9,000,000*	7.11
Chew Chiaw Han	4,000,000	3.16	31,105,321+	24.56
Ng Kee Tiong	250,000	0.20	-	-

* Deemed interested by virtue of his spouse's shareholding in the Company.

+ Deemed interested by virtue of his substantial shareholding in Hiap Ghee Seng Sdn. Bhd.

LIST OF MATERIAL PROPERTIES

Held by the Group as at 31 December 2014

No.	Location	Term of Lease/ Date of Expiry of Lease	Description & Existing Land Use	Land Area		Age of buildings	At Cost/ Net Book Value	Date of Acquisition
				Hectare	Acre			
						Year	RM	
1	Lot 2975, block 12, Muara Tebas LD, Sg Laru, Kuching	60 years/ 17.11.2071	Vacant Agricultural Land with Conditional Approval For Mixed Development	49.500	122.2700	-	41,600,000.00	14.11.2011
2	Lot 3530, Muara Tebas LD, Sg. Nida, Kuching *	Freehold/ Perpetuity	Residential Development	2.0113	4.9700	-	8,128,949.37	29.12.2010
3	Portion of Lot 1315, Block 11, Muara Tebas LD, Sg. Laruk, Kuching *	Freehold/ Perpetuity	Single Storey Commercial Mall	0.9990	2.4685	3.5	6,098,435.37	29.12.2010
4	Lot 4271, Muara Tebas LD, Ulu Sg Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.8400	14.4310	-	5,993,038.25	30.7.2003
5	Lot 4587, Muara Tebas LD, Sg Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.4190	13.3910	-	5,561,005.87	4.8.2003
6	Portion of Lot 9200, Block 11, Muara Tebas LD, Sg. Laru, Kuching *	Freehold/ Perpetuity	Single Storey Commercial Mall	0.9060	2.2390	3.5	5,530,713.47	29.12.2010
7	Portion of Lot 4582, Muara Tebas LD, Sg. Nida, Kuching *	Freehold/ Perpetuity	Commercial Development	1.3440	3.3200	-	5,431,155.19	29.12.2010
8	Lot 4752, Muara Tebas LD, Sg Stutong, Kuching	Freehold/ Perpetuity	Vacant Agricultural Land with Conditional Approval For Mixed Development	20.2350	50.0010	-	5,122,866.71	20.10.1998
9	Lot 1316, Block 11, Muara Tebas LD, Sg. Laruk, Kuching *	Freehold/ Perpetuity	Commercial Development	1.2505	3.0900	-	5,054,070.22	29.12.2010
10	Lot 4952, Block 11, Muara Tebas LD	Freehold/ Perpetuity	Residential Development	1.7270	4.6220	-	4,420,000.00	24.0.2011
11	Portion of Lot 4582, Muara Tebas LD, Sg. Nida, Kuching *	Freehold/ Perpetuity	Single Storey Commercial Mall	0.7160	1.7692	3.5	4,370,850.82	29.12.2010

* Ibraco Berhad as the beneficial owner.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of Ibraco Berhad will be held at Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on **Friday, 22 May 2015 at 2.30 p.m.** to transact the following businesses:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. Ng Cheng Chuan, who retires in accordance with Article 83 of the Company's Articles of Association, as Director of the Company. Resolution No. 1
3. To re-elect Mr. Chew Chiaw Han, who retires in accordance with Article 83 of the Company's Articles of Association, as Director of the Company. Resolution No. 2
4. To re-elect Puan Sharifah Deborah Sophia Ibrahim, who retires in accordance with Article 83 of the Company's Articles of Association, as Director of the Company. Resolution No. 3
5. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. Resolution No. 4

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:-

6. To approve the payment of Directors' remuneration not exceeding RM1,500,000 for the financial year ending 31 December 2015. Resolution No. 5
7. Proposed Retention of Independent Directors

"THAT approval be and is hereby given to the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years to continue to act as Independent Non-Executive Directors of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012:-

(a) YBhg. Datuk (Dr) Philip Ting Ding Ing Resolution No. 6
 (b) Mr. Guido Paul Philip Joseph Ravelli Resolution No. 7
8. Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965 Resolution No. 8

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act, 1965, the Articles of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issue."

NOTICE OF ANNUAL GENERAL MEETING

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By order of the Board,

Yeo Puay Huang (LS0000577)
May Wong Mei Ling (MIA 18483)
Company Secretaries
 30 April 2015

Explanatory Notes to Special Business

- Proposed Retention of Independent Directors
 In line with the Malaysia Code on Corporate Governance 2012, the Nomination Committee and the Board have assessed the independence of YBhg. Datuk (Dr) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli, who have served for a cumulative term of more than nine years and the Board has recommended that the approval of the shareholders be sought to re-appoint YBhg. Datuk (Dr) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli as Independent Non-Executive Directors to fulfill the requirements of Paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The full details of the justification and recommendations for the retention are set out in the Statement of Corporate Governance in the Annual Report 2014.
- Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965
 The proposed Resolution 8, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interests of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved by the shareholders of the Company at the 42nd AGM held on 30 May 2014 and which will lapse at the conclusion of the 43rd AGM to be held on 22 May 2015. A renewal of this authority is being sought at the 43rd AGM under Ordinary Resolution 8.

The general authority sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares for purposes of funding investment(s), working capital and/or acquisitions.

Notes:

- Only depositors whose names appear in the Record of Depositors as at 18 May 2015 be regarded as members and entitled to attend, speak and vote at the meeting.*
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company and the provision of Section 149(1)(b) of the Act, shall not apply to the Company.*
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal, if any, and, if none then under the hand of some officer duly authorised in that behalf. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.*
- The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the office forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.*

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IBRACO BERHAD (011286-P)
Incorporated in Malaysia

No. of Shares Held :

FORM OF PROXY

I/We NRIC No. / Company No.
(Full Name in Capital Letters)

of
(Full Address in Capital Letters)

being a member/members of IBRACO BERHAD hereby appoint
(Full Name in Capital Letters)

..... NRIC No.
(Full Name in Capital Letters)

of
(Full Address in Capital Letters)

and/or failing him/her, NRIC No.
(Full Name in Capital Letters)

of
(Full Address in Capital Letters)

or failing him/her, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on my/our behalf, at the Forty-Third Annual General Meeting of the Company to be held at Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on Friday, 22 May 2015 at 2.30 p.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Re-election of Mr. Ng Cheng Chuan as Director		
2.	Re-election of Mr. Chew Chiaw Han as Director		
3.	Re-election of Puan Sharifah Deborah Sophia Ibrahim as Director		
4.	Re-appointment of Messrs. Ernst & Young as Auditors		
5.	Approval of Directors' Remuneration		
6.	Proposed retention of YBhg. Datuk Philip Ting Ding Ing as Independent Director		
7.	Proposed retention of Mr. Guido Paul Philip Joseph Ravelli as Independent Director		
8.	To authorise Directors to allot and issue shares pursuant to Section 132D of The Companies Act, 1965.		

- Strike out whichever not applicable

(Please indicate with an "X" in the spaces above how you wish your votes to be cast on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Date this

.....
Signature of Shareholder(s)/Common Seal

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 18 May 2015 be regarded as members and entitled to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company and the provision of Section 149(1)(b) of the Act, shall not apply to the Company
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal, if any, and, if none then under the hand of some officer duly authorised in that behalf. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
4. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the office forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

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AFFIX
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To: The Company Secretaries

IBRACO BERHAD (011286-P)

IBRACO HOUSE

No. 898, Jalan Wan Alwi,
Tabuan Jaya, 93350 Kuching.
P. O. Box 3166, 93762 Kuching,
Sarawak, Malaysia.

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IBRACO BERHAD
(011286-P)

FOR ENQUIRIES, PLEASE CALL

IBRACO HOUSE No. 898, Jalan Wan Alwi,
Tabuan Jaya, 93350 Kuching, Sarawak, Malaysia.

TEL: **082 361 111**

FAX: **082 361 188**

www.ibraco.com.my